



OFFICE * OF * RURAL
COMMUNITY * AFFAIRS

Where rural Texas comes first.

ORCA Governing Board Meeting

December 11 & 12, 2008



**OFFICE OF RURAL COMMUNITY AFFAIRS
GOVERNING BOARD MEETING
December 11-12, 2008
Texas State Capitol Extension
1100 Congress Ave., Room E1.028
Austin, Texas 78701
1:00 PM**

NOTICE: Three Advisory Committees will meet on December 11, 2008 to review respective agenda items with ORCA staff. The committees and respective meeting times are:

Community Development – 10:00 AM

Finance -- 11:00 AM

Rural Health – 11:00 AM

The public is welcome to attend the meetings which will also be held in Room E1.028 in the Capitol Extension.

The Board will discuss, consider and take appropriate action on the following agenda items beginning promptly at 1:00 PM on December 11, 2008. All items not heard on December 11 may be considered on December 12th beginning at 8:30 AM.

A. CALL TO ORDER BY THE CHAIR

1. Roll call and certification of a quorum.
2. Consider approval of the minutes of the October 3-4 and November 24-25, 2008 meetings.

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 follow-up report on an IT Infrastructure and Security Audit from the previous Board meeting and review management response.

2. Hear proposed 2009 internal audit plan from the internal auditor. (Action needed)
3. Review prioritized list of policy recommendations to be presented to the 81st Session of the Texas Legislature which were reviewed at the ORCA Board workshop on Nov 25th. (Action needed)
4. Consider approving the Biennial report to the legislature. (Action needed)

D. TEXAS RURAL FOUNDATION (TRF)

1. Consider taking action on the following activities related to the TRF:
 - a. Consider appointments to the TRF Board.
 - b. Consider a proposed budget for TRF.
 - c. Consider adopting a plan of action for the TRF.

E. TEXAS CAPITAL FUND PROGRAM (TCF)

1. Hear report on TCF activities.
2. Consider proposed Interagency Contract between ORCA and the Texas Department of Agriculture for the administration of the Texas Capital Fund (Action needed).

F. FINANCE

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

G. STATE OFFICE OF RURAL HEALTH PROGRAM

1. Informational presentation by Dave Pearson, President and CEO, with the Texas Organization of Rural & Community Hospitals (TORCH).
2. Hear an update on the Rural Health Pilot Project using CDBG De-obligated funds.
3. Hear a report on the status of historical ORCA recruitment and retention grant recipients: Where are they now?
4. Hear a report on the status of collection efforts by the OAG and ORCA staff related to grants and awards made by the agency.

5. Consider Appointment to the Outstanding Rural Scholar Recognition Program (ORSRP) Advisory Committee, (Action needed.)

H. TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

1. Hear an update on disaster declarations, applications received and approved, and revised priorities under the Disaster Relief Fund. (Action needed)
2. Consider proposed amendments to ORCA TxCDBG programs found in Title 10 Part 6 Chapter 255 of the Texas Administrative Code and authorize publication in the *Texas Register* for public comment. (Action needed)
3. Hear report on the HUD Neighborhood Stabilization Program.
4. Consider proposed Interagency Contract between the ORCA and the Texas Department of Housing and Community Affairs for the administration of the Colonia Self-Help Centers (Action needed).

I. DISASTER RECOVERY DIVISION

1. Hear report on the activities of the newly created division.
2. Consider Proposed Action Plan for disaster discovery for Hurricane Ike.
3. Hear report on the contracted services with engineering firm HNTB.
4. Hear disaster recovery status report on CDBG non-housing Round 1 & 2 Supplemental disaster funding.

J. OLD BUSINESS AND OTHER ITEMS

1. Hear report on the annual performance measures for the agency.
2. Consider setting the date and location for future meetings.

K. 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.

L. ADJOURN

AGENDA ITEMS MAY NOT NECESSARILY BE CONSIDERED IN THE ORDER THAT THEY APPEAR. TIME SPECIFIC ITEMS ARE SO NOTED ON THE AGENDA.

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.

NONE AT THE TIME OF THIS
POSTING

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

October 2, 2008
Texas State Capitol Extension
1100 Congress Avenue, Room E1.028
Austin, Texas 78701
1:00 PM

The Office of Rural Community Affairs Governing Board meeting convened at the Texas State Capitol Extension, 1100 Congress Avenue, Room E1.028, Austin, Texas at 1:00 PM on October 2, 2008. Chairman Wallace Klussmann recessed the meeting that same afternoon at 5:20 PM.

Chairman Klussmann called the meeting to order at 8:00 AM on Friday, October 3, 2008. The meeting reconvened at the Texas Association of Counties Board Room, 1210 San Antonio Street, Austin, Texas. Chairman Klussmann adjourned the meeting at 11:15 AM that same day.

Governing Board Members in Attendance

Present

Wallace Klussmann, Chairman
David Alders, Vice-Chairman
Mackie Bobo, Secretary
Charles Butts
Woody Anderson
Remelle Farrar
Drew Deberry for TDA Commissioner Todd Staples
Patrick Wallace
Charles Graham
Joaquin L. Rodriguez

Not Present

Lydia Rangel Saenz

Others Registered in Attendance

Last Name	First Name	Organization Represented
Turner	Bob	Former Legislature
Scott	Carolyn	Lt. Governor's Office
Rhodes	Rick	Texas Department of Agriculture
Young	Karl	Texas Department of Agriculture
San Miguel	Lauren Rose	Texas Department of Agriculture
Spitzengel	Bruce	Grant Works, Inc.
Tenney	Sean	CDM
Cedillo	Ruth	CDM
Johnson	Robert	Texas Historical Commission
Gossom	Judge Woodrow	Wichita County
Rice	J.	Public Management, Inc., Cleveland, TX
Pike	Jennifer	Homeowner, Wichita Falls, TX
Walters	Debi	Homeowner, Wichita Falls, TX

Agenda Item A

1. Chairman Klussmann called the meeting to order at 1:00 PM and asked Dr. Mackie Bobo, Secretary, to call the roll. A quorum was present.
2. The Honorable Bob Turner, retired State Representative from Coleman, performed the swearing in of the newly appointed member of the ORCA Board. The oath of office was administered to Dr. Charles Graham.
3. Chairman Klussmann called for a motion to approve the minutes from the August 7 & 8, 2008, meeting as published. Chairman Klussmann noted that Agenda Item A.2., should reflect that Chairman Klussmann 'called for' the motion to approve the minutes from the June 12 & 13, 2008, meeting as published. The minutes were approved to include the one correction.

Agenda Item G

6. Chairman Klussmann asked to hear testimony from Wichita County Judge Woodrow Gossom related to the review of the Action Plan concerning the Use of Disaster Funds for Hazard Mitigation. The Board also received testimony from Debi Walters, Homeowner, Wichita Falls, TX and Jennifer Pike, Homeowner, Wichita Falls, TX.

Chairman Klussmann stated that Mr. Mark Wyatt, Director of the Texas Community Development Block Grant Program (TxCDBG), had done the research that was requested by the ORCA Board during the August 7 & 8, 2008 Board meeting and after discussion today and with the absence of any motion from the Board, this will conclude this discussion with no action taken.

Judge Woodrow Gossom asked that Chairman Klussmann write him a letter indicating the Board's decision, after taking everything into consideration and after careful deliberation, which Judge Gossom can take to his Senators and Congressional Congressmen. Chairman Klussmann stated that the Board does appreciate them coming before the Board and they do indeed understand their situation. The letter was drafted and sent to Judge Gossom.

Chairman Klussmann called for a break. The time was 2:08 PM. Chairman Klussmann called the meeting to order at 2:20 PM.

Agenda Item F

1. Mr. Rick Rhodes, Assistant Commissioner, Texas Department of Agriculture, for Rural Economic Development, gave an overview to the Board of the 2008 Texas Capital Fund Programs' awards this year to date and also gave a special recap of the 3rd round of applications received.

Mr. Karl Young, Finance Programs Coordinator, Texas Capital Fund, Texas Department of Agriculture, made a presentation to the ORCA Board to consider the revised proposed rule changes for the 2009 Texas Capital Fund Main Street & Downtown Revitalization Programs and to authorize publication of the revised proposed rules in the *Texas Register* for public comment. Mr. Woody Anderson made the motion that the ORCA Board approve the revised proposed rule changes and approve the publication in the *Texas Register* for public comment. Ms. Remelle Farrar seconded the motion. The motion passed unanimously.

Mr. Rick Rhodes also presented to the ORCA Board a 'DRAFT' sign that TDA proposes that would go up at a job site during the construction phase that would show its 'Partners For Progress' and that would adequately recognize the great partnership between ORCA and TDA. Chairman Klussmann expressed appreciation for the sign.

Agenda Item B

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

Chairman Klussmann closed the public comment period at 2:40 PM.

Agenda Item C

1. Mr. Charlie Stone, ORCA Executive Director, presented to the Board the recommendation to adopt the proposed rules that were presented to the ORCA Board during the last meeting that would implement provisions of HB 2542, ORCA's reauthorization statute, related to the Board of Directors, negotiated rulemaking, alternative dispute resolution procedures; delegation of additional authority to the executive director, a proposed collections process; moving the appeals process from the State Office of Rural Health to Chapter 256, and making some corrections.

Mr. Woody Anderson made the motion to adopt the approved proposed amendments and proposed new rules and to publish at the close of the comment period, if no comments are received from the public. If comments are received, the rules will be brought back to the Board for reconsideration and approval at the next Board meeting. Ms. Remelle Farrar seconded the motion. The motion passed unanimously.

2. Mr. Charlie Stone, ORCA Executive Director, presented to the Board a proposal to adopt a Technology Policy that will implement provisions of HB 2542, ORCA's Reauthorization Bill and comply with the requirements found in Sec.487.031 Government Code. Ms. Mackie Bobo made the motion that the ORCA Governing Board accept the Technology Policy as proposed and place in the personnel policy manual. Mr. Charles Butts seconded the motion. The motion passed unanimously.
3. Mr. Charlie Stone, ORCA Executive Director, presented to the Board the Texas Rural Foundation (TRF) Annual Report to comply with requirements in Sec.487.712 Government Code. No action needed.

Agenda Item D

1. Mr. David Flores, ORCA Chief Financial Officer, presented an update to the ORCA Board on the agency's Fiscal Year 2009 Operating Budget. No action required.

Agenda Item E

1. Ms. Theresa Cruz, ORCA's Director of State Office of Rural Health and Compliance Division, presented an update on collection efforts by ORCA and the Office of Attorney General related to grants and awards made by the agency. No action required.
2. Ms. Theresa Cruz, ORCA's Director of State Office of Rural Health and Compliance Division, reported to the Board the award of funding for the Rural Access to Emergency Devices Grant Program, the Critical Access Hospital/Medical Rural Hospital Flexibility Program and the Rural Hospital Improvement Program. Mr. Pat Wallace made the motion to accept the AED, Flex and SHIP awards of \$99,598, \$620,194, and \$1,011,319, respectively, from the Health Resources and Services Administration, Office of Rural Health Policy. Dr. Mackie Bobo seconded the motion. The motion passed unanimously.
3. Due to a conflict in the presenter's schedule, the presentation by Mr. Dave Pearson, President and CEO, with the Texas Organization of Rural & Community Hospitals (TORCH) was postponed until the next Board meeting.
4. Ms. Theresa Cruz, ORCA's Director of State Office of Rural Health and Compliance Division, presented to the ORCA Board the Annual Report for the Rural Communities Health Care Investment Program (RCHIP). Mr. Charles Butts made the motion to approve the 2008 Report on the Rural Communities

Health Care Investment Program for submission to the Legislative Budget Board prior to November 1, 2008. Mr. Joaquin Rodriguez seconded the motion. The motion passed unanimously.

5. Ms. Theresa Cruz, ORCA's Director of State Office of Rural Health and Compliance Division, presented to the Board the information for consideration of the proposed changes to ORCA State Office of Rural Health Physician Assistant Loan Program found in Title 10 Part 6 Chapter 257, Section 257.101 of the Texas Administrative Code. Ms. Cruz indicated that the language needing the change is allowing the Executive Director the discretion to increase the maximum amount awarded as appropriate as is present in the other recruitment program rules. Additionally, at the recommendation of ORCA General Counsel, SORH staff requests changing the Chapter 257 Title from: "Board For Office of Rural Community Affairs", to: "State Office of Rural Health". Ms. Mackie Bobo made the motion to approve the suggested changes and authorization for publication in the *Texas Register* for public comment. Mr. Charles Butts seconded the motion. The motion passed unanimously.
6. Ms. Theresa Cruz, ORCA's Director of State Office of Rural Health and Compliance Division, presented to the Board the information for consideration of the recommendation and the acceptance of the appointment of the two proposed Advisory Committee Members for the Outstanding Rural Scholar Recognition Program (ORSRP). Dr. Mackie Bobo made the motion that the Board accept these recommendations. Mr. Pat Wallace seconded the motion. The motion passed unanimously.
7. Ms. Theresa Cruz, ORCA's Director of State Office of Rural Health and Compliance Division, presented to the Board the recommendation to adopt the proposed changes that were presented to the ORCA Board during the June 2008 meeting that relate to the ORCA State Office of Rural Health Programs found in Title 10 Part 6 Chapter 257 of the Texas Administrative Code. Ms. Remelle Farrar made the motion to adopt the approved proposed changes. Mr. David Alders seconded the motion. The motion passed unanimously.

Agenda Item C

4. Chairman Klussmann requested that Mr. Don McPhee, with PMB Helin Donovan, deliver to the Board a report on the 2008 Internal Audit Plan, IT Security Review. The objective of the audit was to review the Information Systems Policies and Procedures and the Business Continuity Plan to determine adherence to the Texas Administrative Code 202. Mr. McPhee reported that overall the Office of Rural Community Affairs has a basic framework of policies and procedures to address the objectives of the Texas Administrative Code 202, with the exception of two recommendations. Mr. Charlie Stone, ORCA Executive Director, will submit a report at the December 2008 Board meeting for review regarding the two recommendations.

Agenda Item G

1. Ms. Oralia Cardenas, Project Coordinator, Texas Community Development Block Grant Program (TxCDBG), reported to the Board on the history and an update on the Regional Review Committee Scoring Process Revisions for Program Years 2009-2010. No action required.
2. Mr. Mark Wyatt, Director of the Texas Community Development Block Grant Program (TxCDBG), presented to the ORCA Board the commitment for PY2008 and status report on the disaster declarations, applications received and approved, and priorities under the Disaster Relief Fund. No action required.
3. Mr. Mark Wyatt, Director of the Texas Community Development Block Grant Program (TxCDBG), reported to the Board on the proposed use of CDBG Deobligated Funds and/or Program Income for the Disaster Relief Fund. Mr. David Alders made the motion to approve the CD staff to allocate additional future deobligated funds and program income for Disaster Relief assistance as needed up to a limit of an additional \$2,000,000. Dr. Mackie Bobo seconded the motion. The motion passed unanimously.

Mr. David Alders made a second motion, as it relates to Hurricane Ike, that in addition from the deobligated funds available, that the Board allocate \$1,000,000 to initiate the Planning and Assessment Phase associated with Hurricane Ike and further that the \$1,000,000 deobligated funds that the Board would allocate be repaid to the deobligated funds following an allocation from the Federal Government related to Hurricane Ike when those funds become available the Office of Rural Community Affairs. Ms. Remelle Farrar seconded the motion. The motion passed unanimously.

4. Mr. Mark Wyatt, Director of the Texas Community Development Block Grant Program (TxCDBG), presented to the ORCA Board a status report on the Supplemental CDBG Disaster Recovery Funds for Round 1 & Round 2 - Non-Housing & Infrastructure Funds. An updated document regarding the current status reports for the Disaster Recovery Funds was submitted to the ORCA Board. No action required.
5. Ms. Monica Bosquez, Program Specialist, of the Texas Community Development Block Grant Program (TxCDBG), made an informative presentation to the ORCA Board on the activities related to the Texas Small Towns Environment Program (STEP).
7. Mr. Mark Wyatt, Director of the Texas Community Development Block Grant Program (TxCDBG), made a presentation to the Board to consider the adoption of the proposed amendments to ORCA TxCDBG programs found in Title 10 Part 6 Chapter 255 of the Texas Administrative Code that would implement provisions of HB 2542, ORCA's re-authorization statute, that were presented to the ORCA Board during the June 2008 meeting. Dr. Mackie Bobo made the motion that the approved proposed amendments be adopted and authorizes staff to provide notification to the *Texas Register*. Mr. Woody Anderson seconded the motion. The motion passed unanimously.
8. Mr. Mark Wyatt, Director of the Texas Community Development Block Grant Program (TxCDBG), made a presentation to the Board to consider approving the publication of the proposed amendment to ORCA TxCDBG Programs found in Title 10 Part 6 Chapter 255 of the Texas Administrative Code that would add additional scoring criteria to the Colonia Construction Funding and authorize publication in the *Texas Register* for public comment. A handout regarding the proposed TAC amendment regarding Colonia Construction Fund Scoring was left to be submitted to the Board by Mr. Bruce Spitzengel, President, Grant Works, Inc. Ms. Remelle Farrar made the motion to approve the publication of the proposed amendment in the *Texas Register* for public comment and to authorize staff to wordsmith the proposed amendment to incorporate the language to 'move Colonias from a Colonia to either Incorporation or Annexation', which would eliminate the condition that causes them to become Colonias. Mr. Pat Wallace seconded the motion. The motion passed unanimously.

Agenda Item H

1. Mr. Jerry Walker, ORCA Director of Operations, was asked to table, until the next Board meeting, the report on the activities performed by each division and how the agency is doing relative to meeting its Performance Measures.
2. Chairman Klussmann discussed future ORCA Board meeting locations and dates. It was discussed that the next meeting, December 11th and 12th, 2008, will be held in Austin and the dates are firm. The meeting dates for February and April will be discussed at the December meeting.

Agenda Item I

The ORCA Board did not enter into Executive Session.

Chairman Klussmann recessed the meeting at 5:20 PM, Thursday, October 2, 2008, until 8:00 AM on Friday, October 3, 2008.

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

October 3, 2008
Texas Association of Counties Board Room
1210 San Antonio Street
Austin, Texas 78701
8:00 AM

The Office of Rural Community Affairs Governing Board meeting, Annual Meeting on Rural Issues, reconvened at the Texas Association of Counties Board Room, 1210 San Antonio Street, Austin, Texas at 8:00 AM on October 3, 2008. Chairman Klussmann adjourned the meeting that same day at 11:15 AM.

Governing Board Members in Attendance

Present

Wallace Klussmann, Chairman
David Alders, Vice-Chairman
Mackie Bobo, Secretary
Charles Butts
Woody Anderson
Remelle Farrar
Drew Deberry for TDA Commissioner Todd Staples
Patrick Wallace
Charles Graham
Joaquin L. Rodriguez

Not Present

Lydia Rangel Saenz

Others Registered in Attendance

Last Name	First Name	Organization Represented
Scott	Carolyn	Lt. Governor's Office
Totten	Jess	Public Utility Commission of Texas
Gerber	Mike	TX Dept of Housing & Community Affairs
Lytle	Michael	TX Dept of Housing & Community Affairs
Arellano	Jeannie	TX Dept of Housing & Community Affairs
Hamby	Kevin	TX Dept of Housing & Community Affairs
Delgado	Evelyn	TX Dept of State Health Services
Ruiz	Robert	TX Water Development Board
Kuchy	Greg	TX Water Development Board
Alvance	Frank	TX Comptroller of Public Accounts
Shirck	Linda	TX Comptroller of Public Accounts
Dennis	Wayne	TX Dept of Transportation
Olson	Leonard	TX Commission on Environmental Quality
McManus	Larry	Office of the Governor, Economic Dev & Tourism
Cates	Carol	TX Dept of Insurance

Henderson	Don	TX Dept of Aging & Disability Services
Harvey Mosley	Kay	TX Historical Commission
Thomason	Bratten	TX Historical Commission
Foster	John	TX State Soil & Water Conservation Board
Smith	Mike	The Dispute Resolution Center
Stone	Crystal	The Dispute Resolution Center

Agenda Item A

1. Chairman Klussmann called the meeting to order at 8:00 AM and asked Dr. Mackie Bobo, Secretary, to call the roll. A quorum was present.

Agenda Item B

1. Chairman Klussmann asked to hear an overview from Ms. Taylor Willingham, Austin-Pacific Consulting Co., on a future workshop session on the policy collection, development and recommendations to be made to the Texas Legislature. Ms. Willingham asked each of the Board members to introduce themselves and share what they think are the great opportunities facing rural communities so that we can start thinking about what kinds of policy recommendations we might want to make to the Texas Legislature.

Agenda Item C

1. Chairman Klussmann welcomed all invited state agency and organization representatives in attendance for the annual agency meeting pursuant to section 487.054 of the Texas Government Code to discuss rural issues and to receive information showing the impact that the respective agencies have had on rural communities for use in developing rural policy recommendations and compiling the annual Status of Rural Texas report.

Mike Gerber, Executive Director, from the Texas Department of Housing and Community Affairs (TDHCA) briefed the ORCA Board and the audience on the myriad of programs that their agency administers for rural Texas. TDHCA has awarded \$465,000,000 in affordable housing funds for rural Texas over the last five years which translates into about 24,000 single family and multi family units of affordable housing. In the last Legislative Session, state law determined that at least 20% of the Housing Tax Credit Program would be designated for Rural Texas and they work very closely with ORCA in administering these tax credit grants in rural Texas. TDHCA is also currently working together with the Texas Homeless Network to provide supportive services and other issues that factor into homelessness in the rural communities and on obtaining a dramatic extension of funds for the Housing Trust Fund Program that is dedicated to helping low income people receive affordable housing in rural Texas.

Bratten Thomason and Kay Harvey Mosley from the Texas Historical Commission briefed the ORCA Board and the audience on the variety of programs that focus on Rural Texas and in the past 10 years how they have really learned to claim what they do as a type of economic development particularly in rural areas. The Texas County Courthouse Preservation Program is a very important service to a lot of rural communities as it allows those counties to rehabilitate their courthouses and get activities back in those small communities. They also have field offices right now working on damage to historic properties that have survived hurricane Ike, 400 history museums around the state that draw a lot of interest and people to rural communities, and the Historical Marker Program which includes 13,000 markers around the state that brings a lot of Texans and non-Texans to small communities. The other programs that affect rural Texas are the Main Street Program which includes downtown revitalizations, the Heritage Tourism Program which encourages economic development, the Visionary Preservation which works with small

communities encouraging them to come up with their own historic preservation goals, and a grant program that includes certified local governments in partnership with the National Park Services and the Texas Historical Commission and counties and cities that encourages them to start preservation efforts.

Evelyn Delgado from the Department of State Health Services briefed the ORCA Board and the audience on the wide range of services they provide to Texas and their focus on getting these services to rural areas. The Mental Health and Substance Abuse Program provides prevention services, the Regulatory Services Division protects consumer health and safety through licensing entities such as hospitals, working centers, and also licensing health professionals, dieticians, therapists, and EMS providers. The area where they have probably more intense involvement with rural communities is in the Regional Health Services staffing which provides Health Department services where a community, mostly rural, does not have a health department. They have responded to the public health emergency, as with Rita/Katrina and just recently with Ike, by looking at the preparedness of rural communities and where they don't have infrastructure to link them up with DSHS services. They have also conducted health assessments to determine the health status and health needs in areas of Texas which the results brought better awareness as to defining programs and filling gaps at the local level.

Wayne Dennis from the Texas Department of Transportation briefed the OCRA Board and the audience on their primary roles for the rural areas of Texas. Seventy-two percent of the state highway systems main lanes, which equates to 29,000 miles, are outside the urbanized areas of the state. They continue to maintain those roadways. They support 39 rural public transit operations and they have 300 general aviation airports and many of those are in rural communities that are eligible for continued maintenance and improvement. An area that has lacked for years is overall statewide transportation planning and they are playing an active role in these planning activities for the road miles that are not in the urban areas of the state.

Don Henderson from the Texas Department of Aging and Disability Services briefed the ORCA Board and the audience on their services as it relates to rural Texas. They regulate, license and authorize payment for nursing facilities and other residential settings such as the state mental retardation facilities which are located in several rural areas and employees from surrounding rural areas. They offer services for people who are primarily Medicaid eligible and who are receiving personal attention services in their own homes. Some of the great challenges are the recruitment and retention of good employees which is a dire concern in the rural areas.

Carol Cates from the Texas Department of Insurance briefed the ORCA Board and the audience of their primary mission which is to protect the insurance consumers of Texas whether urban or rural. It is very important to have a very big consumer protection outreach program, an example right now is assisting the hurricane Ike victims. There are hundreds and thousands of claims that have to be adjusted and filed and one of the big components of this is the Texas Windstorm Insurance Association, which is the insurer in the area where Ike hit, will be able to take premium tax credits against their premium tax credit payments that go to the general revenue. It's going to have a big impact on the state of Texas with regard to the revenue that will be coming in this year and in several years. The Amusement Ride Safety Act certainly has an affect on rural communities if they happen to have the traveling carnivals in their community, Workers Compensation Division has offices located across Texas in rural areas that deal with issues regarding injured workers, and the state Fire Marshalls are very active and work with the volunteer fire departments. TDI has a broad spectrum of over site, a lot of responsibility and services they can offer and assist the residents in rural communities.

Crystal Stone from the Office of Dispute Resolution in Lubbock County briefed the ORCA Board and the audience on their mediation services that are provided by a grant that comes through the USDA. Through the same network they can provide the same state services for other areas of Texas, and if it can be tied to the USDA they can provide cost reduced services, if not they can still provide the service in a way that they can pay for it. They are trying to cover the full spectrum, both early intervention to help avoid a dispute by giving education and options, and then if the dispute does happen just knowing these

services are there and they can provide the service even to the level of being no cost at all if declared that they cannot pay.

Greg Kuchy and Robert Ruiz from the Water Development Board briefed the ORCA Board and the audience on the programs and services that they do especially as they benefit rural Texas. They have nine state funded financial assistant programs, the Water Infrastructure Fund, the Rural Water Assistance Fund, the Economic Distress Areas Program, and four federally funded financial programs and state revolving funds for water and waste water. They also have a number of programs that are not specifically in water and waste water. They have a flood insurance program with six regional offices that are serving currently about 500 communities with populations of 5000 or less across the state. They have the Texas Natural Resource Information System and also the strategic mapping program, both of those were called upon quite extensively during hurricane Ike. Another big program that especially affects rural areas is ground water program which they currently have about 100 ground water conservation districts throughout the state that cover about 64% of the state's area. The Economic Distressed Area Program is where they are trying to export what has been learned off of the border out into the rest of the state. This is their number one priority to bring before the Legislature.

Larry McManis from the Office of the Governor-Economic Development and Tourism briefed the ORCA Board and the audience on their mission to market Texas globally as a premier business location and tourism destination. They encourage job growth through new investment and try to grow the Texas economy in that way. They have four program areas, the Texas Business Development that looks at the state of Texas as a possible place to expand or relocate and to help work with those communities that are actively working with prospects in their particular area, the Tourism Division with their tourism slogan being "Texas, it's a whole other country" helps local and rural communities with their tourism activities, the Office of Aerospace and Aviation with a primary focus on aviation, aerospace, and defense type projects, and the Economic Development Bank that has loan programs for businesses and communities.

Jess Totton from the Public Utility Commission briefed the OCRA Board and the audience on the Renewable Energy Program which has the biggest impact in the electricity area on rural Texas today. If you are in west Texas you will see that there has been millions of dollars invested in wind farms. The Commission has adopted a transmission plan that will facilitate additional wind developments in three areas in west Texas. The Commission's plan will call for an additional five billion dollars of transmission investment and that will probably create another 20 billion dollars worth of wind farms in west Texas. The construction will probably begin in 2010 and continue through 2011-2012 and it does stand to bring a significant level of investment to rural west Texas, significant royalty payments to land owners, and significant property tax revenues to taxing entities. It is also spreading some of the secondary development to areas like San Angelo as they are beefing up their levels in order to produce wind blades. Really stand to bring a lot of benefit to West Texas.

John Foster from the State Soil and Water Conservation Board briefed the ORCA Board and the audience on their responsibilities to provide resources to local Soil and Water Conservation Districts and to facilitate and deliver programs to land owners in rural Texas for natural resource purposes. Virtually everything they do has to do with rural Texas. They work very closely with the Texas Commission on Environmental Quality on some agriculture water quality issues that involve rural communities and rural landowners. The most important issue that they do that affects rural communities is flood control on approximately 2000 small dams built across the state of Texas during the 1950's and 1960's.

Leonard Olson from the Texas Commission on Environmental Quality briefed the ORCA Board and the audience on their mission to protect the environmental health and natural resources of the state. They regulate over 350,000 entities around the state of Texas and they have 16 regional offices with each being self sufficient. The Small Business of Local Assistance has a representative in each of their regional offices to help local and small governments to understand and navigate through the many regulatory issues.

Linda Shirck of the Texas Comptroller of Public Accounts briefed the ORCA Board and the audience on their mission to assist local governments and how they make themselves available to small communities.

Agenda Item D

Chairman Klusmann asked to hear any unfinished business from the October 2, 2008, Board Meeting Agenda. There was no unfinished business from the October 2, 2008 agenda.

Agenda Item E

Chairman Klusmann adjourned the meeting at 11:15 AM on Friday, October 3, 2008.

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

November 24 & 25, 2008
Barton Creek Resort
8212 Barton Club Drive
Austin, Texas 78735
1:00 PM

The Office of Rural Community Affairs Governing Board workshop meeting convened at the Barton Creek Resort, 8212 Barton Club Drive, Austin, Texas at 1:30 PM on November 24, 2008. Chairman Wallace Klussmann recessed the meeting that same afternoon at 6:15 PM.

Chairman Klussmann called the meeting to order at 8:30 AM on Tuesday, November 25, 2008. Chairman Klussmann adjourned the meeting at 12:30 PM that same day.

Governing Board Members in Attendance

Present

Wallace Klussmann, Chairman
David Alders, Vice-Chairman
Mackie Bobo, Secretary
Charles Butts
Remelle Farrar
Drew Deberry for TDA Commissioner Todd Staples
Charles Graham

Not Present

Woody Anderson
Patrick Wallace
Joaquin L. Rodriguez
Lydia Rangel Saenz

Others Registered in Attendance

Last Name	First Name	Organization Represented
Sturgen	Beth	Canadian, Texas
Kirkland	Tara	Greenlights for Nonprofit Success
Bourgeois	Kathy	Greenlights for Nonprofit Success
Willingham	Taylor	Austin-Pacific Consulting Co.

Agenda Item A

1. Chairman Klussmann called the meeting to order at 1:30 PM and asked Mr. Charlie Stone, ORCA Executive Director, to call the roll. A quorum was present.

Agenda Item B

1. Chairman Klussmann asked Ms. Katy Bourgeois and Ms. Tara Kirkland from Greenlights for Nonprofit Success to make a presentation to the Board related to the appointments to the Texas Rural Foundation (TRF) Board, the proposed budget for the Texas Rural Foundation, and the adoption of a plan of action for the Texas Rural Foundation.

Ms. Bourgeois and Ms. Kirkland presented to the Board an Executive Summary with recommendations to help the Executive Director and the Board of ORCA to build a nonprofit organization that is focused on maximum impact and sustainability; presented a report to the Board on the background of the TRF with information that was gathered to help ORCA answer critical questions regarding the future of the TRF; and presented a report to the Board on the findings that provided a summary of information on how building strong operational capacity, clearly focusing initiatives for maximum impact, and carefully

cultivating funding partners, can result in a viable and successful Foundation. In conclusion, this presentation and reports were presented to the ORCA Board to help make decisions regarding the future of the Texas Rural Foundation and the key next step will be to develop an Action Plan that details what specific steps ORCA will prioritize to realize increased success from the Foundation.

Chairman Klussmann asked that the appointments to the TRF Board and a revised TRF Budget be brought back before the ORCA Governing Board at the next ORCA Board meeting in December.

Chairman Klussmann asked for comments from Ms. Beth Sturgen on the Texas Rural Foundation as to where the Foundation is now and what needs to be done.

Chairman Klussmann called for a break. The time was 2:45 PM. Chairman Klussmann called the meeting to order at 3:00 PM.

Agenda Item C

1. Mr. Charlie Stone, ORCA Executive Director, presented to the Board the ORCA staff's proposed suggestions to change the name of the agency.

Dr. Mackie Bobo made the motion to adopt the proposed suggested change of the name of the agency to Texas Department of Rural Affairs (TDRA). Dr. Charles Graham seconded the motion. The motion passed unanimously.

2. Mr. Charlie Stone, ORCA Executive Director, presented to the Board the proposal of adopting a revised mission statement for the agency.

Dr. Mackie Bobo made the motion to adopt a proposed new mission statement of "To enhance the quality of life for rural Texans". Mr. David Alders seconded the motion. The motion passed unanimously.

3. Mr. Charlie Stone, ORCA Executive Director, requested that Ms. Kim White and Mr. Eric Beverly, ORCA Intergovernmental Relations Specialists, deliver to the Board a report to consider the upcoming legislative opportunities and Board responsibilities. A list of needed or proposed legislation was reviewed with the Board. No action required.

Chairman Klussmann recessed the meeting at 6:15 PM, Monday, November 24, 2008, until 8:30 AM on Tuesday, November 25, 2008.

The Office of Rural Community Affairs Governing Board workshop meeting reconvened at 8:30 AM on November 25, 2008. Chairman Klussmann adjourned the meeting that same day at 12:30 PM.

Agenda Item D

1. Chairman Klussmann asked Ms. Taylor Willingham, Austin-Pacific Consulting Co., to facilitate a session, for the Board's participation along with Ms. Kim White and Mr. Eric Beverly, ORCA's Intergovernmental Relations Specialists, that is dedicated to rural policy issues and to develop a prioritized list of policy recommendations to be presented to the 81st Session of the Texas Legislature.

The facilitated session included a Description of the Process which included what was heard from the public, the elimination of policy recommendations inconsistent with criteria, established low-medium-high priorities; Development of Criteria for Setting Policy Priorities; Housing Policy Recommendations; Economic Development Policy Recommendations; Community Development Policy Recommendations; and Health Policy Recommendations.

Chairman Klussmann asked that no action be taken and that action be postponed until Kim White and Eric Beverly can draft a list of all of the Policy Recommendations proposed based on the ORCA Board's comments and submit this list to the Governing Board for review prior to the next Board meeting in December with a motion to approve at the December ORCA Board meeting.

Agenda Item E

The ORCA Board did not enter into Executive Session.

Agenda Item F

Chairman Klussmann adjourned the meeting at 12:30 PM on Tuesday, November 25, 2008.

NONE AT THE TIME OF THIS
POSTING

SUMMARY
IT Infrastructure and Security Audit
Presented by
Charlie Stone

DISCUSSION

The 2008 Internal Audit Plan approved by the Executive Committee included an IT Infrastructure and Security Review to be completed by our Internal Auditor. In the October 2-3 ORCA Governing Board meeting, PMB Helin Donovan presented the IT Security Review Audit Report without management responses.

Agenda item C1 in your Board Book includes a copy of IT Security Review Audit Report with Management Responses and Mr. Don McPhee from, PMB Helin Donovan is here to present the results.

Enclosures

IT Security Review Audit Report with Management Responses for the Office of Rural Community Affairs.

RECOMMENDATION

No action is required, the Audit Report is presented for informational purposes.

***Should any ORCA Board member have any questions concerning this agenda item please contact Mr. Don McPhee at (512) 258-9670 ext. 109 or dmcphoe@helindonovan.com**

**Office of Rural Community Affairs
IT Security Review Audit**

August 18, 2008

Members of the Board of Directors:

PMB Helin Donovan (PMB) has conducted an IT Security Review Audit of the Office of Rural Community Affairs (ORCA or Agency). The objective of our audit was to review the Information Systems Policies and Procedures and the Business Continuity Plan to determine adherence to the Texas Administrative Code 202.

Overall Conclusion

ORCA has a basic framework of Policies and Procedures to address the objectives of the Texas Administrative Code 202. However, ORCA is in the process of updating the IT portion of the Business Continuity and Disaster Recovery Plan and implementing the IT Security Risk Assessment Policy.

Findings

Our review and testing of the policies disclosed that two recommendations from our prior year internal audit were still in the process of being implemented.

- PMB recommends ORCA approve and implement their IT security risk management policy. The policy is essential in assessing security risk, vulnerability reports and monitoring reports (TAC 202.22). When implemented, management will be better able to assess the effectiveness their security monitoring procedures and address any changes that might be necessary.
- PMB recommends ORCA update and complete the IT portion of the Business Continuity Plan and Disaster Recovery Plan. These plans are important factors in ORCA's IT framework and environment (TAC 202.20 and 202.24).

**Summary of
Objective, Scope and Methodology**

Our objective was to review the Office of Rural Community Affairs' (ORCA) Information Systems Policies and Procedures and the Business Continuity Plan to determine adherence to the Texas Administrative Code 202.

The scope of our audit covered ORCA's processes, procedures and documentation relating to IT security as of August 18, 2008.

Our methodology consisted of conducting interviews, obtaining and analyzing documentation, performing selected tests and other procedures, and analyzing and evaluating the results of the tests.

Our fieldwork was conducted from August 8, 2008 through August 18, 2008. Our audit was conducted in accordance with generally accepted government auditing standards and the Standards for the Professional Practice of Internal Auditing.

Detailed Results

Objective, Scope and Methodology

The objective of our audit was to review the Information Systems Policies and Procedures and the Business Continuity Plan to determine adherence to the Texas Administrative Code 202.

Overview

Texas Administrative Code 202 mandates state agencies maintain and perform a certain level of security over their information technology assets and resources. The following are policies of the State of Texas that apply to all state agencies. Each state agency is required to apply the Security Standards Policy based on documented security risk management decisions:

- (1) Information resources residing in the various state agencies of state government are strategic and vital assets belonging to the citizens of Texas. These assets must be available and protected commensurate with the value of the assets. Measures shall be taken to protect these assets against unauthorized access, disclosure, modification or destruction, whether accidental or deliberate, as well as to assure the availability, integrity, utility, authenticity, and confidentiality of information. Access to state information resources must be appropriately managed.
- (2) All state agencies are required to have an information resources security program consistent with these standards, and the state agency's head is responsible for the protection of information resources.
- (3) All individuals are accountable for their actions relating to information resources. Information resources shall be used only for intended purposes as defined by the state agency and consistent with applicable laws.
- (4) Risks to information resources must be managed. The expense of security safeguards must be commensurate with the value of the assets being protected.
- (5) The integrity of data, its source, its destination, and processes applied to it must be assured. Changes to data must be made only in an authorized manner.
- (6) Information resources must be available when needed. Continuity of information resources supporting critical governmental services must be ensured in the event of a disaster or business disruption.
- (7) Security requirements shall be identified, documented, and addressed in all phases of development or acquisition of information resources.
- (8) State agencies must ensure adequate controls and separation of duties for tasks that are susceptible to fraudulent or other unauthorized activity.

Findings and Recommendations

IT Security Risk Management Policy

In accordance with TAC 202, proper security monitoring activities are essential for maintaining an effective control environment over IT logical access issues. Although ORCA has developed an IT Security Risk Management Policy, the policy has not been formally approved.

Recommendation: PMB recommends ORCA approve and implement the newly completed IT Security Risk Management Policy. As stated above, these policies and procedures are essential in assessing security risk, vulnerability reports and monitoring reports (TAC 202.22). Upon formal approval and implementation, management will be better able to assess the effectiveness of security monitoring procedures and address any changes that might be necessary.

Management Response: We agree with the recommendation. As indicated in the auditors report, the Information Systems (IS) Team utilized the Department of Information Resources policy standards to draft a comprehensive IS Security Policies Manual to implement the requirements of Texas Administrative Code (TAC), Title 1, Part 10, Chapter 202 Information Security Standards.

The next step is for the draft IS Security Policies Manual to be reviewed and approved by agency management. We expect the review process to conclude with the agency formally adopting the IS Security Policies Manual and its implementation to occur shortly thereafter.

In addition to the development of the IS Security Policies Manual, ORCA has taken other actions to assess our control environment and improve the security of our technology assets. More specifically:

1. Beginning in 2007, we included an annual IT Security Audit in the ORCA Audit Plan which is completed by our Internal Auditor,
2. In 2008 and 2009, we contracted with the Department of Information Resources to conduct Controlled Penetration and Web Vulnerability Tests of our network infrastructure,
3. In 2008, we completed an Information Security Risk Assessment by utilizing the Department of Information Resources Information Security Awareness, Assessment and Compliance tool developed by Texas A&M and scored an "Acceptable" rating,
4. In 2007, we completed the Information Resources Strategic Plan, Texas Administrative Code, Chapter 202, Self Assessment to evaluate our compliance with TAC 202 requirements,
5. In 2008, we started providing and requiring Security Awareness Training for all agency staff.

Update Policies and Procedures

PMB reviewed ORCA's Business Continuity Plan and Disaster Recovery Plan to determine the status of updating the old policies. These policies and plans are important to an agency's IT framework and environment (TAC 202.20 and 202.24) PMB noted that ORCA has created the framework of the plan but most operational sections of the plan have not been developed.

Recommendation: PMB recommends ORCA fully develop and implement the IT portion of the Business Continuity Plan and Disaster Recovery Plan.

Management Response: We agree with the recommendation. The IS Team has updated the Information Systems Disaster Recovery Master Plan, which is a component of the Business Continuity and Disaster Recovery Plan. This update has been submitted to agency management for review and approval.

In 2005, the agency developed its Business Continuity and Disaster Recovery Plan as part of the Agency's Risk Management Manual.

In February 2007, the agency developed a Pandemic Flu Plan (Policy & Procedure #1000-07-02) that covered agency operations in the event of pandemic flu.

In 2008, the agency purchased software to allow users to access their work computers from home and in February the agency tested staffs ability to logon and work from home as would occur in a Pandemic Flu scenario. These test scenarios are an invaluable tool in refining our Information Systems Disaster Recovery Master Plan and ensuring its success.

Appendix 1
Objective, Scope and Methodology

Objective

Our objective was to review the Office of Rural Community Affairs' (ORCA) Information Systems Policies and Procedures and the Business Continuity Plan to determine adherence to the Texas Administrative Code 202.

Scope

The scope of our audit covered ORCA's processes, procedures and documentation relating to IT security as of August 18, 2008.

Methodology

The internal audit methodology consisted of conducting interviews, obtaining and analyzing documentation, performing selected tests and other procedures, and analyzing and evaluating the results of the tests. Information collected included the following:

- Documentation provided to support the policies, processes, procedures and internal controls.
- Files containing documentation to verify and test the processes and controls.

Procedures, tests and analyses performed included the following:

- Interviewed ORCA's staff responsible for the Information System Technology group
- Tested a sample of files to determine adherence to processes and controls
- Reviewed supporting documentation and excerpts from reports and files

Other Information

Our audit was conducted in accordance with generally accepted government auditing standards and the Standards for the Professional Practice of Internal Auditing.

SUMMARY
2009 Internal Audit Plan
Presented by
Charlie Stone

DISCUSSION

In the August 7-8 ORCA Governing Board meeting, the board selected PMB Helin Donovan to provide internal audit services for fiscal year 2009. The next step in this process is for the ORCA Board to approve a 2009 Internal Audit Plan for the agency.

Agenda item C2 in your Board Book includes a copy of the proposed 2009 Internal Audit Plan and Mr. Don McPhee from, PMB Helin Donovan is here to present the plan.

Enclosures

Proposed 2009 Internal Audit Plan for the Office of Rural Community Affairs.

RECOMMENDATION

The ORCA Board should make any changes necessary and approve the proposed 2009 Internal Audit Plan.

***Should any ORCA Board member have any questions concerning this agenda item please contact Mr. Don McPhee at (512) 258-9670 ext. 109 or dmcphee@helindonovan.com**

OFFICE OF RURAL COMMUNITY AFFAIRS

Internal Audit Plan

Fiscal Year 2009

OFFICE OF RURAL COMMUNITY AFFAIRS

Internal Audit Plan

Fiscal Year 2009

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OFFICE OF RURAL COMMUNITY AFFAIRS

Internal Audit Plan

Fiscal Year 2009

PURPOSE

The purpose of this internal audit plan is to document the development, risk assessment, scope of assignments and implementation timetable for Fiscal Year 2009 Internal Audit plan. This document will serve as the primary tool to carry out internal audit responsibilities in an efficient manner and prioritize the audit areas based on risk assessments agreed to by the Governing Board of the Office of Rural Community Affairs. Due to the nature, scope and timing of audit procedures contemplated here, planning for specific aspects of the audits is a continuing process. Accordingly, the plan will be revised as necessary.

This plan has been prepared to meet planning guidelines as required by both generally accepted auditing standards and the standards for the Professional Practice of Internal Auditing as determined by the Institute of Internal Auditors, Inc.

BACKGROUND INFORMATION

Agency

The Office of Rural Community Affairs (ORCA) was created by the 77th Legislature to develop policy specifically addressing economic and quality of life issues affecting small and rural communities across Texas. ORCA administers programs supporting rural health care, the federal Community Development Block Grant non-entitlement program, and programs designed to improve the leadership capacity of rural community leaders. ORCA also coordinates and monitors the Texas' effort to improve the results and cost-effectiveness of programs affecting rural communities, as well as provide an annual evaluation of the condition of rural Texas communities. In addition, ORCA has been involved with coordinating some of the disaster recovery efforts related to Hurricane Rita.

House Bill 7 created ORCA by merging two existing programs administered by the State: (1) The Center for Rural Health Initiatives (CRHI) previously associated with the Texas Department of Health, and (2) the Texas Community Development Program (TCDP) from the Texas Department of Housing and Community Affairs.

Community Development

ORCA's community development programs are funded primarily by Community Block Grants from the U.S. Department of Housing and Urban Development (HUD). The Federal program is divided into two major categories: Entitlement (cities over 50,000 and qualifying counties over 200,000 in population) and non-entitlement (cities under 50,000 in population and counties not eligible for entitlement status). In the state of Texas, there are 66 entitlement cities, 10 entitlement counties, and approximately 1,259 non-entitlement cities and counties. Entitlements receive an annual allocation of funds for eligible activities, whereas non-entitlement localities generally compete for statewide funding on an annual basis.

The Community Development Block Grant Program (CDBG) began in Texas in 1983 and is governed by Title 1 of the Housing and Community Development Act of 1974, as amended, 42 USC Sec. 5301 et seq, and 24 CFR Part 570, Subpart 1. Texas administers the federally-funded CDBG program as the Texas Community Development Program, which is governed on the state level by the administrative rules at 10 TAC Chapter 9.

Senate Bill 315 of the 68th Legislature designated the Texas Department of Community Affairs (TDCA) as the administrative agency for the Program. It was under TDCA's administration that the Program became known as the Texas Community Development Program. In December of 1987, the Program was transferred to the Texas Department of Commerce. Effective September 1, 1991, responsibility for the Texas Community Development Program was transferred to the new Texas Department of Housing and Community Affairs' Community Development Block Grant Division. Effective December 1, 2001, responsibility for the Texas Community Development Program was transferred to the newly-created Office of Rural Community Affairs (ORCA), as stipulated by House Bill 7 of the 77th Legislature of 2001.

Rural Health

Ensuring access and availability of health care services for approximately 2.9 million rural citizens is a continuing challenge for Texas state government and rural areas. For many years, rural counties have relied mainly upon state and federally funded hospitals to provide health care services. When more than 50 Texas hospitals closed in the mid 1980s, due to reduced federal funding and other market forces, many residents and travelers in rural areas were left without a source for vital health and medical services.

In response to this critical issue, the Legislature created a Governor's task force in 1988 to examine the problems of access to health care in rural areas. The task force found that hospital closures produced a shortage in the number of physicians, nurses, and allied health professionals serving rural communities. In addition to the manpower shortages, the State had few rural clinics, and inadequate emergency medical services and obstetric services to serve the rural population. The task force also identified the need for a state-level entity to:

- Coordinate the efforts of local communities trying to solve these problems;
- Ensure continuous attention and visibility to rural health needs; and
- Address the total rural health care delivery system.

In 1989, the 71st Legislature passed the Omnibus Health Care Rescue Act (HB 18) to address the problems cited by the task force. The major provisions of the bill expanded health care services to rural Texans by facilitating the growth of rural clinics and establishing emergency medical care networks and the Center for Rural Health Initiatives (the Center). The Center was established to serve as the primary state resource in planning, coordinating, and advocating statewide efforts to ensure continued access to rural health care services. Today, the Center, functioning as ORCA's Rural Health Unit, is charged with:

- Integrating health care services and programs;
- Researching and implementing innovative models to maximize area resources;
- Providing leadership to consult with rural communities regarding current needs, analysis and access to government-funded initiatives; and
- Leading interagency efforts on rural health care initiatives, which include state agencies, universities, medical schools, and private entities.

The Office of Rural Community Affairs recently streamlined its organization to more effectively service the rural communities through its three main programs, the Community Development Grant program, the Health program, and the Disaster Recovery Program. ORCA has 5 divisions reporting directly to the Executive Director:

Executive - The Executive Division provides strategic directions and resources for Texas Rural Communities. The Executive Division includes the Executive Director, Communication Team, Research and Policy Team, Rural Foundation Support and the Emergency Services District Program.

Health and Compliance- The Health operations group of this division awards and distributes funds that come primarily from the State of Texas. The Federal government provides some funding through the Health Resources Administration Service and these funds are typically matched by the State of Texas. The Compliance operations group of this division reviews program and financial compliance of the Community Development Grants and Rural Health Grants. The Compliance group reviews all pertinent documentation regarding the projects and typically schedules a visit to the site to assess the overall project.

Community Development – The Community Development Division manages the federal funds that come to Texas from the Community Block Grant funds, which are distributed by the U.S. Department of Housing and Urban Development. This division will be replacing its dated grant management tracking system beginning in fiscal year 2009. This system is currently tracking over 1,000 contracts and over \$250 million in grant funding.

Disaster Division – The Disaster Division manages the federal funds that come to Texas from the Disaster Recovery appropriations. The Division ensures the timely distribution of these funds to affected rural areas, monitors the activities funded by these grants, and oversees the closeout of the contracts.

Finance and Information Technology Division - The Finance Division provides the following support services to ORCA: financial reporting, budgeting, purchasing, human resource administration, property management and IT services.

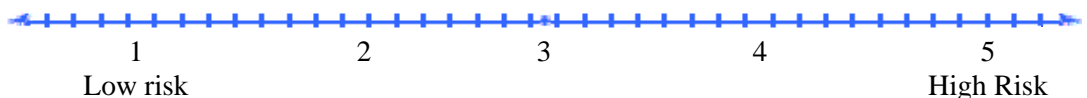
RISK ASSESSMENT METHODOLOGY

To perform the fiscal year 2009 risk assessment, auditable units were analyzed on nine risk factors. The risk factors included: internal control structure, changes in organization, complexity of operations, government regulation, public sensitivity, prior audit activity, management interest, budget, and strategic priority. After the auditable units were evaluated on each of the risk factors, they were broken into tiers and weighted. The units with the highest scores were considered for inclusion in the annual audit plan. Listed below is a description of each risk factor used in the risk assessment, the rating scale used, and the weight applied to the risk factor.

1. **Internal Control Structure** – Controls over processes or activities in terms of procedures, documentation, and systems.

Risk Factor Weight: 2.00

Risk
Factor
Scale:



2. **Changes in Organization** –Changes in the organization structure and/or key personnel in the past year.

Risk Factor Weight: 2.00

Risk

Factor

Scale:



3. **Complexity of Operations** – Complexity of their division or program’s operations in terms of the ability to standardize processes or transactions and/or the employee skill level required to perform transactions.

Risk Factor Weight: 2.00

Risk

Factor

Scale:



4. **Government Regulation** – Extent of federal and state regulation

Risk Factor Weight: 1.00

Risk

Factor

Scale:



5. **Public Sensitivity** – Extent of public exposure and sensitivity for process or activity

Risk Factor Weight: 2.00

Risk

Factor

Scale:



6. **Prior audit activity** – Extent of audits conducted by internal audit, State Auditor’s Office, or other external auditors within the last three years.

Risk Factor Weight: 2.00

Risk

Factor

Scale:



7. **Board and Management Interest** –areas of concern or interest expressed by key managers, directors and Board Members were rated according to the degree of concern expressed.

Risk Factor Weight: 5.00

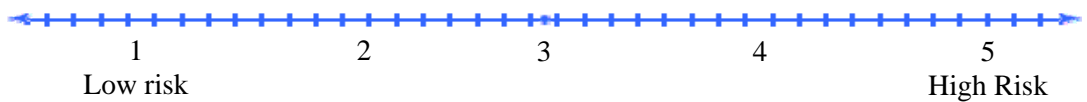
Risk
Factor
Scale:



8. **Budget** – Dollars budgeted for fiscal year 2007

Risk Factor Weight: 3.00

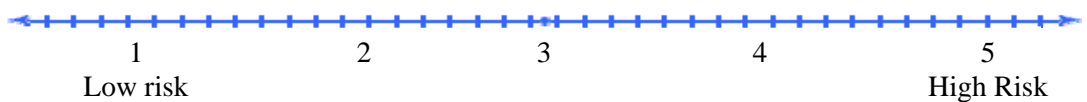
Risk
Factor
Scale:



9. **Strategic Priority** – Strategic functions were ranked according to ORCA’s strategies, as prioritized in the most recent Legislative Appropriation Request - Priority Allocation Table.

Risk Factor Weight: 1.00

Risk
Factor
Scale:



AUDIT AREAS

The above risk factors were used in the risk assessment of the following ORCA processes/ systems/activities in Appendix A:

Division	Program Area	Activities
Executive	Operations	General Compliance/Internal Controls
	Operations	Quality Controls
	Strategic Planning	Implement Operational Plans for Disaster Division
	General Counsel	Operational, Legal and Legislative issues
Health	Grant Management	Review, Approval and Award
	Grant Management	Monitoring, Compliance and Close Out
	Community Outreach	Communication, Media, Meetings
Community Development	Grant Management	Review, Approval and Award
	Grant Management	Monitoring, Compliance and Close Out
	Community Outreach	Communication, Media, Meetings
	Community Outreach	Web Site Management and Content
	Compliance	Rural Grant Management System implementation
	Research Policy/Legislative Support Services	Research and Communication Mail Operations
Compliance	CDBG	Monitoring and Compliance
	CDBG	Site Visits and Reporting
	Health	Monitoring and Compliance
	Health	Site Visits and Reporting
Finance	Purchasing	Approval and Procurement
	Budgeting (LAR)	Biennial Plan and Monitoring
	Budgeting	Performance Measures – Reporting
	Accounting	Cash Management (Receipts and Disbursements)
	Accounting	Business processes and internal controls
	Accounting	Account Receivable and Payable
	Accounting	Financial Reporting
	Human Resources	Payroll
	Human Resources	Administration
	Property Management	Office Management and Maintenance
	IT Services	Establish IT Infrastructure for Disaster Division
	IT Services	Web Site Management and Content
	IT Services	Oracle Database Mgmt-in house
IT Security	Network Services/Security	
Disaster	Grant Management	Monitoring, compliance and close out
	Grant Management	Review, Approval and Award
	Grant Management	Site Visits and Monitoring
	Cash Management	Expedite funding to affected areas
	Community Outreach	Communications, Media, Meetings
Agency Wide	NA	Contract Management
	NA	Disaster Recovery and Continuity Planning
	NA	Control Environment

AUDIT PLAN

The annual internal audit plan is designed to focus internal audit resources on ORCA’s processes that have been identified as high risk. Internal audit activities will be primarily concerned with documenting, testing and evaluating each division or system processes for internal control as well as quality of performance. Our audit reports will include findings and /or reportable conditions and recommendations to management as well as evaluating management’s response to our recommendations and plans for corrective actions. Opportunities for improved efficiency identified as a result of performing internal audit activities will be communicated to management and the Governing Board as part of the reporting process.

In compliance with the Texas Internal Auditing Act, we will perform follow-up audits of prior audit reports released in Fiscal Year 2008. ORCA’s Annual Internal Audit Report will be filed with the Governing Board, the Governor, the Legislative Budget Board, the Sunset Advisory Commission, the State Auditor, and the Agency’s Executive Director by November 1, 2009.

As a result of our risk assessment (See Appendix A), the following is a schedule of the planned internal audits for the fiscal year ending August 31, 2009:

	Planned Internal Audits	Est. Hours
Disaster	Grant Management – Review, Approval and Award	110
Disaster	Cash Management – Expedite Funding to Affected Areas	100
CDBG	On-site assessment of Federal Disaster Funds	110
Agency-wide	Ethics and Integrity review	40
Finance	Business processes and internal controls	60
CDBG/Compliance	Rural Grant Management System implementation	40
	<i>Sub-total Planned Audits</i>	460
	Follow-up Audits	
Health	Business processes and internal controls	24
Finance	IT – Infrastructure and Security	24
Agency-wide	ORCA Management Audit (status review)	24
	<i>Sub-total Follow-up Audit</i>	72
	<i>Total Audit Hours</i>	532
	Administrative and Management	
Internal Audit	Fiscal Year 2010 Internal Audit Plan	20
Internal Audit	Fiscal Year 2009 Annual Audit Report	10
	<i>Total Administrative and Management Hours</i>	30
	<i>Total Hours</i>	562

The internal audit of ORCA’s Monitoring, Compliance and On-site Assessment of Federal Disaster Funds was not performed in 2008 and was postponed until fiscal year 2009. The Finance Business Processes and Internal Controls Internal Audit was also postponed from fiscal year 2008 until fiscal year 2009 since ORCA received audits from HUD and the Texas Comptroller of Public Accounts relating to such controls.

AUDIT SCHEDULE

The following is our proposed schedule, culminating in the Annual Report to the Governor, Lt. Governor, Speaker of the House, and State Auditor, for performing ORCA's Fiscal Year 2009 Internal Audit:

Date	Description
December 1, 2008	Delivery of 2009 audit plan
January 19-30, 2009	Field work – Follow up on internal and external audits
February 20, 2009	Preliminary draft of report packet – Follow up on internal and external audits
March 6, 2009	Approve and release report packet – Follow up on internal and external audits
March 30 – April 10, 2009	Field work – Finance business processes and internal controls
May 1, 2009	Preliminary draft of report packet – Finance business processes and internal controls
May 15, 2009	Approve and release report packet – Finance business processes and internal controls
June 1 – June 19, 2009	Field work – On-site assessment of Federal Disaster Funds
July 3, 2009	Preliminary draft of report packet – On-site assessment of Federal Disaster Funds
July 24, 2009	Approve and release report packet – On-site assessment of Federal Disaster Funds
August 10 – September 4, 2009	Field work – Disaster Grant and Cash Management activities
September 25, 2009	Preliminary draft of report packet – Disaster Grant and Cash Management activities
October 21, 2009	Approve and release report packet – Disaster Grant and Cash Management activities

APPENDIX A
OFFICE OF RURAL AND COMMUNITY AFFAIRS
Internal Audit Risk Assessment
Fiscal Year 2008

Division	Program Area	Activities	1. Internal Control Structure			2. Changes in Organization			3. Complexity of Operations			4. Government Regulations			5. Public Sensitivity			6. Prior Audit Activity			7. Management Interest			8. Budget			9. Strategic Priority			Total Score
			Rating	Wt.	Total	Rating	Wt.	Total	Rating	Wt.	Total	Rating	Wt.	Total	Rating	Wt.	Total	Rating	Wt.	Total	Rating	Wt.	Total	Rating	Wt.	Total	Rating	Wt.	Total	
Disaster	Cash management	Expedite funding to affected areas	3	2	6	4	2	8	4	2	8	3	1	3	4	2	8	4	2	8	4	5	20	2	3	6	2	1	2	69
Finance	Accounting	Business processes and internal controls	3	2	6	4	2	8	4	2	8	3	1	3	2	2	4	3	2	6	4	5	20	3	3	9	2	2	4	68
Community Development	Compliance	Rural Grant Management System - Implementation	3	2	6	4	2	8	4	2	8	2	1	2	3	2	6	3	2	6	4	5	20	3	3	9	3	1	3	68
Disaster	Grant Management	Review, Approval and Award	3	2	6	4	2	8	4	2	8	2	1	2	4	2	8	4	2	8	4	5	20	2	3	6	2	1	2	68
Disaster	Grant Management	Monitoring, compliance and close out	3	2	6	4	2	8	4	2	8	3	1	3	4	2	8	4	2	8	4	5	20	2	2	4	2	1	2	67
Executive	Strategic Planning	Implement Operational Plans for Disaster	3	2	6	4	2	8	4	2	8	2	1	2	4	2	8	2	2	4	4	5	20	2	3	6	4	1	4	66
Disaster	Grant Management	Site Visits and reporting	3	2	6	4	2	8	3	2	6	3	1	3	3	2	6	4	2	8	4	5	20	2	3	6	2	1	2	65
Community Development	Grant Management	Monitoring, compliance and close out	3	2	6	4	2	8	4	2	8	3	1	3	3	2	6	3	2	6	4	5	20	2	3	6	1	1	1	64
Compliance	CDBG	Site Visits and reporting	3	2	6	4	2	8	4	2	8	3	1	3	3	2	6	2	2	4	4	5	20	2	3	6	1	1	1	62
Community Development	Grant Management	Review, Approval and Award	3	2	6	4	2	8	4	2	8	2	1	2	3	2	6	2	2	4	3	5	15	3	3	9	3	1	3	61
Finance	IT Services	Establish IT infrastructure for Disaster Division	3	2	6	4	2	8	3	2	6	2	1	2	2	2	4	2	2	4	4	5	20	2	3	6	4	1	4	60
Disaster	Community Outreach	Communication, Media, Meetings	2	2	4	3	2	6	3	2	6	2	1	2	4	2	8	2	2	4	4	5	20	2	3	6	2	1	2	58
Finance	IT Security	Network Services/Security	3	2	6	4	2	8	3	2	6	2	1	2	1	2	2	2	2	4	4	5	20	1	3	3	3	1	3	54
Finance	IT Services	Oracle Database Mgmt-in house	3	2	6	4	2	8	3	2	6	2	1	2	1	2	2	2	2	4	4	5	20	1	3	3	3	1	3	54
Compliance	Health	Monitoring and Compliance	3	2	6	5	2	10	3	2	6	2	1	2	2	2	4	1	2	2	2	5	10	2	3	6	2	1	2	48
Agency Wide	NA	Contract Management	2	2	4	2	2	4	3	2	6	3	1	3	2	2	4	1	2	2	2	5	10	3	3	9	2	1	2	44
Compliance	CDBG	Monitoring and Compliance	2	2	4	3	2	6	3	2	6	3	1	3	2	2	4	1	2	2	2	5	10	2	3	6	2	1	2	43
Finance	IT Services	Web site Management and Content	3	2	6	3	2	6	3	2	6	1	1	1	1	2	2	2	2	4	2	5	10	1	3	3	3	1	3	41
Community Development	Community Outreach	Web site Management and Content	2	2	4	1	2	2	2	2	4	1	1	1	2	2	4	1	2	2	4	5	20	1	3	3	1	1	1	41
Compliance	Health	Site Visits and reporting	2	2	4	4	2	8	2	2	4	2	1	2	2	2	4	1	2	2	2	5	10	2	3	6	1	1	1	41
Finance	Accounting	Cash Management (Receipts and Disbursements)	2	2	4	2	2	4	2	2	4	2	1	2	3	2	6	2	2	4	2	5	10	2	3	6	1	1	1	41
Executive	Operations	General Compliance/Internal Controls	2	2	4	2	2	4	2	2	4	2	1	2	2	2	4	2	2	4	2	5	10	2	3	6	2	1	2	40
Health	Grant Management	Monitoring, compliance and close out	3	2	6	4	2	8	3	2	6	2	1	2	2	2	4	1	2	2	1	5	5	2	3	6	1	1	1	40
Finance	Budgeting	Performance Measures - Reporting	2	2	4	2	2	4	2	2	4	2	1	2	1	2	2	2	2	4	2	5	10	2	3	6	2	1	2	38
Finance	Budgeting (LAR)	Biennial Plan and Monitoring	2	2	4	2	2	4	2	2	4	2	1	2	1	2	2	2	2	4	2	5	10	2	3	6	2	1	2	38
Agency Wide	NA	Control Environment	2	2	4	2	2	4	2	2	4	1	1	1	1	2	2	1	2	2	3	5	15	1	3	3	2	1	2	37
Health	Grant Management	Review, Approval and Award	2	2	4	3	2	6	1	2	2	2	1	2	2	2	4	1	2	2	2	5	10	2	3	6	1	1	1	37
Agency Wide	NA	Disaster Recovery and Continuity Planning	2	2	4	2	2	4	2	2	4	2	1	2	2	2	4	2	2	4	2	5	10	1	3	3	1	1	1	36
Community Development	Research Policy/Legislative	Research and Communication	1	2	2	2	2	4	2	2	4	1	1	1	1	2	2	1	2	2	3	5	15	1	3	3	2	1	2	35
Community Development	Support Services	Mail Operations	1	2	2	2	2	4	2	2	4	1	1	1	1	2	2	1	2	2	3	5	15	1	3	3	1	1	1	34
Community Development	Community Outreach	Communication, Media, Meetings	1	2	2	1	2	2	1	2	2	1	1	1	1	2	2	1	2	2	3	5	15	1	3	3	2	1	2	33
Finance	Accounting	Financial Reporting	2	2	4	1	2	2	2	2	4	2	1	2	1	2	2	2	2	4	2	5	10	1	3	3	1	1	1	32
Health	Community Outreach	Communication, Media, Meetings	1	2	2	5	2	10	1	2	2	1	1	1	2	2	4	1	2	2	1	5	5	1	3	3	2	1	2	31
Executive	General Counsel	Operational, Legal and Legislature issues	1	2	2	1	2	2	2	2	4	1	1	1	1	2	2	2	2	4	2	5	10	1	3	3	2	1	2	30
Executive	Operations	Quality Controls	1	2	2	2	2	4	2	2	4	1	1	1	1	2	2	1	2	2	2	5	10	1	3	3	1	1	1	29
Finance	Accounting	Account Receivable and Payable	1	2	2	1	2	2	1	2	2	1	1	1	1	2	2	2	2	4	2	5	10	1	3	3	1	1	1	27
Finance	Human Resources	Payroll	1	2	2	1	2	2	1	2	2	1	1	1	1	2	2	1	2	2	2	5	10	1	3	3	1	1	1	25
Finance	Human Resources	Administration	1	2	2	1	2	2	1	2	2	1	1	1	1	2	2	1	2	2	2	5	10	1	3	3	1	1	1	25
Finance	Property Management	Office Management and Maintenance	1	2	2	1	2	2	1	2	2	1	1	1	1	2	2	1	2	2	2	5	10	1	3	3	1	1	1	25
Finance	Purchasing	Approval and Procurement	1	2	2	1	2	2	1	2	2	1	1	1	1	2	2	1	2	2	2	5	10	1	3	3	1	1	1	25

SUMMARY

Review prioritized list of policy recommendations to be presented to the 81st Session of the Texas Legislature which were reviewed at the ORCA Board workshop on Nov 25th

Presented by Eric Beverly and Kim White*

DISCUSSION

HB 2542 (80th legislative session) narrowed the focus of the Office of Rural Community Affairs (ORCA) to four key areas: economic development, community development, healthcare, and housing. In addition, HB 2542 replaced ORCA's broad charge to "develop a rural policy for the state" with the charge to "identify and prioritize policy issues and concerns affecting rural communities in the state."

ORCA has used a consultative process in identifying and prioritizing policy issues and concerns among rural Texans. ORCA received more than 100 policy recommendations. ORCA staff used the CROP method to categorize the issues and concerns received.

At the November 25, 2008, ORCA Governing Board meeting, the Governing Board reviewed and prioritized rural policy recommendations asking that ORCA staff provide a final version for review at the next ORCA Governing Board meeting. If approved, ORCA will offer these recommendations to the Texas Legislature at the beginning of the upcoming legislative session for consideration by Texas legislators.

RECOMMENDATION

We recommend that the ORCA Governing Board review and approve this prioritized list of policy recommendations, which will be presented to the 81st Session of the Texas Legislature in ORCA's Biennial Report.

RURAL DEFINITION

There is no specific definition of "rural" or "rural area" related to this legislative charge.

***Should a Board member have questions regarding this agenda item, please contact Kim White (KWhite@orca.state.tx.us or 512.936.6713) or Eric Beverly (Ebeverly@orca.state.tx.us or 512.936.6728).**

PRIORITIZED RURAL POLICY RECOMMENDATIONS

Preamble

Under HB 2542 (80th 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.

This is an important legislative charge given the fact that rural, suburban, and urban areas of Texas are interdependent. The charge is also important given the contribution of rural Texans to the overall Texas economy.

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, we asked rural Texans 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.

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 ORCA Governing Board for their consideration and prioritization.

We present the policy recommendations that the ORCA Governing Board prioritized for your consideration. But we also felt it was important to honor the input we received from rural Texans who took the time to participate in this consultative process. We wanted to ensure that everyone would have the opportunity to be heard and to speak their piece. Concerns ranged from land fragmentation to land valuation, telecommunications to water policy, and roads and bridges to workforce needs. Thank you for the opportunity to contribute to the future of rural Texas.

PRIORITIZED RURAL POLICY RECOMMENDATIONS

Community development ORCA Governing Board policy recommendations	
Summary	
Comprehensive rural development	We recommend that the legislature encourage an integrated approach to rural development that includes planning, leadership development, youth engagement, entrepreneur support, and the development of community foundations.
Flexible standards for no growth communities	We recommend that the legislature study the extent to which various state programs can provide regulatory flexibility for communities with declining or static populations.
Enhance infrastructure funding	Because many rural areas have aging and inadequate infrastructure, we recommend that the legislature supplement federal CDBG funds that are used in rural regions of the state with general revenue funding. This increased funding will help to offset inflation of construction costs and provide an anti-recessionary benefit for rural areas through job creation and increased capacity for business and residential expansion.
ORCA, Disaster relief	We recommend that the legislature create and fund a state-level disaster fund that will supplant the use of CDBG funds for disaster response. A separate Disaster Relief and Recovery Reserve would be funded primarily from general revenue funds and would provide the crucial assistance needed for smaller communities to meet the federal FEMA match requirement. It also would not have all the federal requirements associated with CDBG funding and it would speed up financial assistance to rural communities.
Road Improvements	We recommend that the legislature ensure that the state's funding priorities are for roads where tolling is not a viable alternative.
Study broadband availability in rural areas	Because the current availability of high speed Internet in rural areas is not known, we recommend that the legislature conduct a study on the availability of Internet services in Texas, with a focus on rural areas of the state. Such a study would include information on pricing, type of service, and speed of service. If the study finds deficiencies in broadband availability, we would recommend that the legislature provide incentives to address those deficiencies.
Water education	We recommend that the legislature create and fund an initiative to inform rural communities about the current local, regional, state, and federal policies related to water. In addition, we recommend that the initiative provide information on best practices for land stewardship as well as water quality and quantity issues related to fragmentation of farmland.
Career and professional training	We recommend that the legislature provide career and professional training specific to the needs of rural communities. We ask that the legislature encourage programs that would make rural community colleges more responsive to the career and professional training needs of rural Texans.

PRIORITIZED RURAL POLICY RECOMMENDATIONS

Economic development	
Summary	ORCA Governing Board policy recommendations
State employees	We recommend that the legislature encourage state entities that are cutting state employee positions or rehiring for state employee positions due to attrition or retirement to maintain positions or rehire positions in areas that are rural or economically depressed.
Funding for economic development	We recommend that the legislature enhance funding for rural economic development through challenge grants and loans targeted at entrepreneurs and small businesses. We recommend that the legislature encourage the use of and provide funding for challenge grants to promote local and regional economic development efforts that assist entrepreneurs.
Vocational and workforce training	We recommend that the legislature provide funding or incentives for locally based skills development and vocational training to address development gaps between our rural youth and rural employers. Also, as a long term strategy, we recommend that the legislature return vocational education to secondary schools.
Renewable energy	We recommend that the legislature assist and incentivize complimentary and less competitive sources of renewable energy.
Housing	
Summary	ORCA Governing Board policy recommendations
Energy efficient housing	We recommend that the legislature encourage energy efficient building in all housing, including colonia housing.
Housing study	ORCA is currently assessing the need for rural housing by income and type. This information will be submitted to the legislature in ORCA's biennial report. The draft report identifies a need for rural rental housing units.
Housing for economic development	We recommend that the legislature create a program that provides incentives for housing for rural individuals and families so that housing is available to create and retain jobs and otherwise enhance rural economic development.

PRIORITIZED RURAL POLICY RECOMMENDATIONS

Healthcare	
Summary	ORCA Governing Board policy recommendations
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 exception item request in ORCA'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 transportation.

SUMMARY

Biennial Report

Presented by Charlie Stone*

DISCUSSION

The Biennial Report is due to the Legislature not later than January 1 of each odd-numbered year and is now available for your review and consideration. A draft of this document is attached to this summary.

While the report has similar sections related to previous versions the following areas are of specific interest:

- 1) New Governing Board
- 2) Disaster Recovery efforts
- 3) Electronic Program Applications
- 4) Rural Policy Recommendations

RECOMMENDATION

The staff recommendation is to approve the Biennial Report. Any additional suggestions or revisions approved by the Board may be included by authorizing the Executive Director to make the changes and deliver the final version to the Legislature by the deadline.

RURAL DEFINITION

N/A for this agenda item.

***Should an Executive Committee member have questions concerning this agenda item, please contact Charlie Stone at 512-936-6704, or cstone@orca.state.tx.us.**



OFFICE * OF * RURAL
COMMUNITY * AFFAIRS

BIENNIAL REPORT
TO THE
81ST LEGISLATURE

Charles S. (Charlie) Stone
Executive Director
Submitted December 31, 2008

As the state agency dedicated solely to rural Texas, ORCA makes the resources of state and federal government more accessible to rural communities. ORCA facilitates and focuses the State's health, economic development, and community development programs targeting rural Texas communities. The agency ensures continuing concentration on rural issues, monitors governmental actions affecting rural Texas, researches problems and recommends solutions, coordinates resources and provides rural-focused state and federal resources.

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EXECUTIVE SUMMARY

December 31, 2008

The Honorable Rick Perry, Governor, State of Texas

The Honorable David Dewhurst, Lt. Governor, State of Texas

The Honorable Tom Craddick, Speaker of the House, Texas House of Representatives

Members, Texas Senate

Members, Texas House of Representatives

Dear Governors, Mr. Speaker, and Members of the Texas Senate and House of Representatives:

I am pleased to submit the biennial report of the Office of Rural Community Affairs. This report provides a summary of the accomplishments and activities of the agency's programs and services from January 1, 2007 through December 31, 2008.

In keeping with our mandates, this report also includes:

- A report on the activities of the Texas Rural Foundation (per Government Code 487.056 and 487.653, and SB115 (77) Sec. 110.012);
- Findings and recommendations relating to rural issues (per SB115 (77) Sec. 106.026);
- County indigent care (per SB115 (77) Section 106.026(b)); and
- Rural Health studies performed by any university, medical school, rural community, or rural health care provider during the biennium (per SB115 (77) Sec. 106.026(b)).

I am available to discuss the details of the information provided in this report or the affairs of the agency. Please feel free to contact me with any questions.

Thank you for your consideration,

Regards,



Charles S. (Charlie) Stone

Executive Director

Office of Rural Community Affairs

GOVERNING BOARD

During the 80th Legislative Session, legislators expanded the ORCA governing body from a nine member executive committee to a governing board of 11 members, appointed by Governor Rick Perry. The Honorable Phil Johnson, Justice of the Supreme Court of Texas, administered the oath to the board members in a ceremony at the Texas State Capitol on April 3, 2008. ORCA's new governing board includes eight members appointed by Governor Rick Perry, as well as Agriculture Commissioner Todd Staples. Dr. Wallace Klussman of Prairie Mountain serves as chairman of the new board, as directed by Governor Perry.

Governing Board Member

Dr. Wallace Klussmann, *Chair*

Term expires: February 1, 2013

David Alders, *Vice-Chair*

Term expires: February 1, 2013

Dr. Mackie Bobo, *Secretary*

Term expires: February 1, 2013

Woodrow Anderson

Term expires: February 1, 2009

Charles N. Butts, Sr.

Term expires: February 1, 2013

Remelle Farrar

Term expires: February 1, 2011

Dr. Charles W. Graham

Term Expires: February 1, 2009

Joaquin L. Rodriguez

Term expires: February 1, 2013

Lydia Rangel Saenz

Term expires: February 1, 2009

Patrick Wallace

Term expires: February 1, 2011

Agriculture Commissioner Todd Staples
Texas Department of Agriculture

Hometown

Prairie Mountain (Llano County)

Nacogdoches (Nacogdoches County)

Bedias (Grimes County)

Colorado City (Mitchell County)

Lampasas (Lampasas County)

Crowell (Foard County)

Elgin (Bastrop County)

Eagle Pass (Maverick County)

Carrizo Springs (Dimmit County)

Athens (Henderson County)

Austin (Travis County)

MISSION STATEMENT

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.

BIENNIAL HIGHLIGHTS

During this biennium, the Office of Rural Community Affairs began implementing HB 2542 with the following actions:

- ORCA welcomed a new 11 member Governing Board, appointed by the Governor and including the Commissioner of Agriculture and provided training to members of the Governing Board on the agency's programs, rules and budget, as well as laws relating to public information and open meetings.
- Obtained Information on the availability of rural housing in the state (see Appendix E).
- ORCA is working to develop a web based system for Rural Grants Management that meets US Department of Housing and Urban Development requirements for the application and management of CDBG program and the office requirements for management, monitoring, reporting, data retention and communications in administering the CDBG program. This system will replace the existing paper based system for grants application and program administration and the existing contract tracking system that relies on manually entered data.
- ORCA provided cross-training to ORCA field staff with employees of the Texas Department of Agriculture on their respective rural programs.
- The agency worked to streamline Texas' administration of the rural Community Development Block Grant program. The agency has reduced the program fund categories from 13 funds and two pilot programs to a total of six funds and one pilot program. The office continues to consider additional way to streamline the administration of the program and grant requirements and further simplify the grant application and scoring process.
- The agency implemented the regional review committee objective scoring methodology and shifted the funding priorities to the local level for the 2009/2010 community development funding cycle. All 24 regional review committees adopted objective scoring factors and guidebooks. The office score constitutes only 10% of the maximum regional review committee score. ORCA will include the evaluation of the changes to the program to the legislature.
- ORCA modified the duties of the state review committee related to the community development block grant program, by requiring the state review committee, in consultation with the executive director and office staff, to both review and approve grant and loan applications and associated funding awards of eligible counties and municipalities. The office modified the appellate process by authorizing an applicant for a grant, loan, or award under the community development block grant program to appeal a decision of the state review committee by filing a complaint with the office's board. The state review committee complies with the open meetings law.

Rural Policy Recommendations

Preamble

Under HB 2542 (80th 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
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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, we asked rural Texans 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.

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 ORCA Governing Board for their consideration and prioritization. For a full list of non-prioritized issues and concerns, see Appendix B.

We present the policy recommendations that the ORCA Governing Board prioritized for your consideration. But we also felt it was important to honor the input we received from rural Texans who took the time to participate in this consultative process. We wanted to ensure that everyone would have the opportunity to be heard and to speak their piece. Concerns ranged from land fragmentation to land valuation, telecommunications to water policy, and roads and bridges to workforce needs. Thank you for the opportunity to contribute to the future of rural Texas.

Community development	
Summary	ORCA Governing Board policy recommendations
Comprehensive rural development	We recommend that the legislature encourage an integrated approach to rural development that includes planning, leadership development, youth engagement, entrepreneur support, and the development of community foundations.
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Career and professional training	We recommend that the legislature provide career and professional training specific to the needs of rural communities. We ask that the legislature encourage programs that would make rural community colleges more responsive to the career and professional training needs of rural Texans.

Economic development ORCA Governing Board policy recommendations	
Summary	
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Vocational and workforce training	We recommend that the legislature provide funding or incentives for locally based skills development and vocational training to address development gaps between our rural youth and rural employers. Also, as a long term strategy, we recommend that the legislature return vocational education to secondary schools.
Renewable energy	We recommend that the legislature assist and incentivize complimentary and less competitive sources of renewable energy.

Housing ORCA Governing Board policy recommendations	
Summary	
Energy efficient housing	We recommend that the legislature encourage energy efficient building in all housing, including colonia housing.
Housing study	ORCA is currently assessing the need for rural housing by income and type. This information will be submitted to the legislature in ORCA's biennial report. The draft report identifies a need for rural rental housing units.
Housing for economic development	We recommend that the legislature create a program that provides incentives for housing for rural individuals and families so that housing is available to create and retain jobs and otherwise enhance rural economic development.

Summary		Healthcare governing Board policy recommendations
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 exception item request in ORCA'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 transportation.

OUTREACH & SERVICE IMPROVEMENTS

Field Office Cross-Training and Expansion

Through its field offices, ORCA staff members provide access to capacity building, technical assistance and program information on all ORCA funding programs. All field office staff have completed cross-training with Texas Department of Agriculture. The training, which was conducted by Charlie Stone, took place on March 5, 2008 and on October 30, 2008. Agenda items included presentations by field staff and an overview of Governor's office economic development programs by Tad Curtis and Larry McManus.



Field office in Bishop, Texas.

The agency supports field offices located in Bishop (Nueces County), Bedia (Grimes County), Carrizo Springs (Dimmit County); Kountze (Hardin County), LaGrange (Fayette County), Levelland (Hockley County), Nacogdoches (Nacogdoches County); Sweetwater (Nolan County) and Vernon (Wilbarger County). ORCA anticipates the addition of a field office in Rusk (Cherokee County), with one new staff member specializing in volunteer fire department issues.

Electronic Program Applications

Over the past biennium ORCA has worked on expanding a dynamic and interactive application in a portable document format (PDF) for all of its funds. Since 2006 ORCA has used the new electronic application for the Community Development Fund, Planning and Capacity Building Fund, Colonia Fund, Colonia Economically Distressed Areas Program (CEDAP) Fund, Small Towns Environmental Program Fund, and Renewable Energy Demonstration Pilot Program Fund. Applications for all funding programs administered by ORCA are available for download from the agency's Web site.

The application is a dynamic and interactive application in a portable document format (PDF), which provided users with built-in functions such as:

- Customizable drop-down lists that allow users enter data or choose from a set list of items;
- Fields that automatically calculate data;
- Buttons that dynamically add data entry fields as needed by the user;
- Buttons that dynamically delete additional data entry fields if a user determines they are not needed;
- Check boxes that record user responses to certain questions throughout the application, eliminating any unnecessary narrative responses; and
- Radio buttons that make activity specific questions visible based on need, while questions that are not required remain hidden.

While offering convenient accessibility, these versions require applicants to fill out the application, print and submit the hard copy to ORCA.

ORCA is currently working to develop a web based system for Rural Grants Management (RGMS) that meets U.S. Department of Housing and Urban Development requirements for the application and management of CDBG, including disaster recovery programs, and ORCA requirements for management, monitoring, reporting, data retention and communications in administering the CDBG program. In addition, this system will provide a foundation for future expansion for management of other grants programs. This system will replace the existing paper based system for grants application and program administration and the existing contract tracking system that relies on manually entered data.

Interagency Work Groups

Annual Meeting on Rural Issues

Each year, agency heads or their designees meet in Austin to discuss rural issues and provide information regarding the impact each agency has on rural communities. ORCA uses the information to develop the state's rural policy and to compile the agency's annual report on the Status of Rural Texas.

Since its first meeting in April 2002, the Agency Head Work Group members have worked together on rural issues and coordinated rural programs and services.

Membership

- Comptroller of Public Accounts
- Governor's Office of Economic Development and Tourism
- Office of Rural Community Affairs
- Public Utility Commission of Texas
- Texas Commission on Environmental Quality
- Texas Cooperative Extension
- Texas Department of Aging and Disability Services
- Texas Department of Agriculture
- Texas Department of Assisted and Rehabilitative Services
- Texas Department of Family and Protective Services
- Texas Department of Housing and Community Affairs
- Texas Department of Human Services
- Texas Department of Insurance
- Texas Department of State Health Services
- Texas Department of Transportation
- Texas Education Agency
- Texas Health and Human Services Commission
- Texas Higher Education Coordinating Board
- Texas Historical Commission
- Texas Parks & Wildlife Department
- Texas Railroad Commission
- Texas Rural Mediation Services
- Texas State Soil and Water Conservation Board
- Texas Water Development Board
- Texas Workforce Commission
- Other agencies interested in rural issues

Texas Infrastructure Funding and Coordination Committee

ORCA participated as a founding member of the Texas Infrastructure Funding and Coordination Committee. The Committee is comprised of representatives of state agencies that oversee the administration of funding programs that assist Texas political subdivisions with the planning, design, and construction of water systems, sewer systems, and related infrastructure projects. The goal of the Committee is to enhance the communication and cooperation between state agencies to ensure optimum funding potential and assistance.

The Committee began meeting in January 2006 and has continued to meet monthly, rotating meeting locations among the agencies. Interagency activities to date have included project coordination, program template development and potential program integration.

Membership

- Comptroller of Public Accounts
- Office of Rural Community Affairs
- Office of the Secretary of State
- Texas Commission on Environmental Quality
- Texas Water Development Board
- US Department of Agriculture - Rural Development
- Border Environment Cooperation Commission

Interagency Work Group on Border Issues

ORCA participates in the Texas Secretary of State's Interagency Work Group on Border Issues. The Interagency Work Group was established to identify common inter-agency border concerns.

The Work Group purpose is to establish an ongoing dialogue relating to news and information on border and cross-border affairs; discuss and monitor major issues and concerns; identify interagency coordination and collaboration activities; and develop activities, initiatives and policies.

Membership

State:

- Office of the Governor
- Office of the Lieutenant Governor
- Office of Rural Community Affairs
- Public Utility Commission of Texas
- Texas Commission on Environmental Quality
- Texas Department of Agriculture
- Texas Department of Health and Human Services
- Texas Department of Housing and Community Affairs
- Texas Department of Insurance
- Texas Department of Public Safety
- Texas Department of Transportation
- Texas Education Agency
- Texas General Land Office
- Texas Higher Education Coordinating Board
- Texas Office of the Attorney General
- Texas Parks & Wildlife Department
- Texas Railroad Commission
- Texas Water Development Board
- Texas Workforce Commission

Interagency Work Group: Colonia Activities

Interagency Coordination Meeting

ORCA participates in the Office of the Texas Secretary of State's Interagency Coordination Meeting, a group of various state and federal agencies that work to monitor colonia projects in Texas.

The Interagency Coordination Meeting reviews colonia projects to identify potential problems that may prevent a project from completing construction in a timely manner. The coordination that results from these meetings allows for a streamlined funding process that eliminates overlapping issues and requirements where multiple funding agencies are involved. The Cooperative meets on a quarterly basis.

Membership

State:

- Office of the Governor
- Office of the Lieutenant Governor
- Office of Rural Community Affairs
- Texas Commission on Environmental Quality
- Texas Department of Health and Human Services
- Texas Department of Housing and Community Affairs
- Texas Department of Transportation
- Texas Water Development Board

Federal:

- Border Environment Cooperation Commission
- North American Development Bank
- US Army Corps of Engineers
- US Department of Agriculture Rural Development
- US Department of Housing and Urban Development
- US Environmental Protection Agency

SB 99 Work Group

The purpose of the SB99 Work Group is to identify and track progress of state-funded projects that benefit colonias. Through numerous meetings, the SB 99 Work Group has reviewed legislative requirements and established a time line that would allow for issues and problems to be addressed.

Steps in the time line include:

- Development of a partnering agreement and final report format;
- Data collection, discussion, agreement with final report format and decision to proceed;
- Data collection by agencies to determine problems and issues; and
- Consolidation of final data.

The Work Group will complete the following at future meetings:

- Preparation, review and approval of initial draft of final report;
- Completion and printing of final report by the Secretary of State; and
- Submission of final report on or before December 1, 2008.

Membership

- Office of Rural Community Affairs
- Secretary of State
- Texas Commission on Environmental Quality
- Texas Department of Transportation
- Texas Department of Housing and Community Affairs
- Texas Health and Human Services Commission
- Texas Water Development Board
- Texas Higher Education Coordinating Board

Concluded Interagency Work Groups

HB 925 Work Group:

The goal of the HB 925 Work Group was to coordinate the efforts of state agencies to identify border issues that may need to be addressed in the future and gain knowledge of what the various agencies are doing to improve the quality of life on the border.

In the meetings that have taken place since the HB 925 Work Group was established, participating agencies provided updates on the impact of past legislation and new topics for legislation that have impacted the Texas border area.



SOURCE: Texas Attorney General's Office

Membership

- Office of Rural Community Affairs
- Secretary of State
- Texas Commission on Environmental Quality
- Texas Department of Housing and Community Affairs
- Texas Department of Public Safety
- Texas Department of State Health Services
- Texas Department of Transportation
- Texas Economic Development and Tourism Office
- Texas Education Agency
- Texas General Land Office
- Texas Health and Human Services Commission
- Texas Higher Education Coordinating Board
- Texas Office of State-Federal Relations
- Texas Office of the Attorney General
- Texas Water Development Board
- Texas Workforce Commission

SB 1202 Work Group: Coordinate Colonia Initiatives and Services

The purpose of the SB 1202 Work Group was to coordinate colonia initiatives and services to colonia residents through consideration of concerns raised by the Colonia Resident Advisory Committee (C-RAC).

The SB 1202 Work Group defined and developed a strategy to address the needs of colonia residents and made recommendations to the legislature based on that strategy. The Group also recommended programs, grants and activities to the legislature.

Membership

- Office of Rural Community Affairs
- Secretary of State
- Texas Commission on Environmental Quality
- Texas Department of Housing and Community Affairs
- Texas Department of Insurance
- Texas Department of State Health Services
- Texas Department of Transportation
- Texas Office of State-Federal Relations
- Texas Office of the Attorney General
- Texas Water Development Board

SORH Work Groups

- Capital AHEC Board member
- National Organization of State Offices of Rural Health (NOSORH) Board/Executive Committee – Treasurer
- Board Member - Texas Rural Health Association
- Texas A&M MHA Prof Advisory Committee Member
- Texas Transformation Workgroup Agency Member
- Aging Texas Well Advisory Committee Agency Member
- HealthCare Policy Council Workforce Subcommittee Workgroup Agency Member
- TxAN Advisory Board (Statewide AHEC Board) Board Member
- Telemedicine Advisory Committee Agency Member
- Rural Retention Recruitment Group Agency Member

Other Work Groups

Lake Granbury Watershed Protection Plan Stakeholders Group

Lake Granbury has experienced elevated concentrations of E. coli bacteria for the past several that is

impairing state water quality standards that exceed criteria set for contact recreation use.

Since 2006 the Stakeholders Group has meet quarterly to identify the causes and source of the pollution and to develop and implement an integrated watershed protection plan designed to reduce bacterial contamination. The Stakeholders Group includes the Brazos River Authority, Texas Commission on Environmental Quality, a number of local entities and federal and state agencies.

Open Meetings with Communities, Administrative Consultants and Engineers

During the biennium Texas CDBG has provided a multitude of workshops, one-on-one trainings, and technical assistance to its communities, administrative consultants, and engineers throughout the State:

- Application workshops for the Community Development Fund, Planning and Capacity Building Fund, and Colonia Fund.
- Meeting a National Objective Workshops using beneficiaries and Census data;
- Project Implementation Workshops based on the 2007/2008 Project Implementation Manual;
- Survey Methodology Workshops for U.S. Department of Housing and Urban Development's new survey requirements for the Texas CDBG program;
- Outreach and Miscellaneous Training from field offices, technical assistance, one-on-one and STEP town hall meetings.

Texas CDBG staff assisted each of the 24 Regional Review Committees in development of objective scoring criteria. Each RRC held preliminary meetings and public hearings in order to obtain input from communities, administrative consultants, and the public about the objective scoring criteria and regional priorities.

Critical Access Hospitals

ORCA's annual statewide Critical Access Hospital (CAH) educational conference provides quality education and learning opportunities for Texas CAHs and rural healthcare providers. Participants network with colleagues to share information, program ideas, insights and experiences, as well as to learn about the latest issues, developments and policies affecting the CAH operations.

Approximately 100 people attend each ORCA-sponsored CAH conference. Nationally recognized speakers are invited to provide specialized education and training on a variety of topics pertinent to the CAH/Medicare Rural Hospital Flexibility Program, including strategies and resources for rural hospital performance and quality improvement, CAH reimbursement, model practices and accomplishments.

HealthFind

HealthFind is ORCA's annual recruiting event where rural communities from across the state meet with health professionals to explore the many practice opportunities in rural Texas. ORCA hosts HealthFind as an affordable, friendly and relaxed way for practicing and future healthcare professionals and rural communities to learn about programs and funding sources that support rural healthcare.

The following healthcare professionals who are currently practicing or in a training program are invited to attend HealthFind:

- Advanced Practice Nurses: Family Nurse Practitioner, Certified Nurse Specialist, Certified Nurse Midwife, and Certified Registered Nurse Anesthetist
- Dental Hygienists
- Dentists
- Mental Health Professionals
- Paramedics
- Pharmacists
- Physician Assistants
- Primary Care Physicians (MD's and DO's, including J-1 Visa Physicians)
- Registered Nurses
- Technologists (medical, radiological, respiratory)
- Therapists (physical, occupational, speech)

Customer Satisfaction Survey

Obtaining Input from Agency Customers



Citizens are able to voice their opinions, comments, and suggestions during ORCA public hearings conducted in local communities; Governing Board meetings held every other month include public comments; the agency's rural policy initiative for the submission of questions, comments, and suggestions about ORCA or rural issues; a satisfaction survey distributed to Community Development Block Grantee recipients; work group meetings of stakeholders; evaluation

forms of agency sponsored conferences. ORCA also interacts closely with its external customers through frequent visits to rural communities and technical assistance to grantees.

These are avenues through which our customers provide feedback, suggestions, and comments.

- *ORCA Customer Service Satisfaction Surveys*
- *Description of Information Gathering Methods Utilized for Survey*

The Customer Satisfaction Survey is one of the most important methods for collecting information about the operation and services of the agency. The agency will continue to use this input from customers to develop new and improved programs and services.

The survey was issued in two different formats. The first format was sent to grant recipients, grant consultants, and engineers for small communities and included questions about the agency in general, the CDBG division operations, Compliance division operations, and field office operations. The second format was sent to Rural Health program grant recipients, and included questions about the agency in general and the operations of the Rural Health division.

The surveys included mostly "yes" and "no" questions with a couple of questions comparing ORCA with other

state agencies (possible responses of “better than, equal to, or less than”). More detailed data gathering information is provided below by type of survey. This information includes data collection time frames, data limitations, number of customers surveyed, number of customers receiving the survey, confidence level, response rate, customer groups excluded from the survey (if any), and justification for exclusion (if any); summary charts of survey results, analysis of survey data, conclusions, and recommended improvements.

Surveys

CDBG Program: Grant Recipients’ Survey Responses

The first survey format was mailed to CDBG grant recipients, consultants, and engineers. It was a one page form that was separated into four sections including the agency in general, field office operations, the CDBG division operations, and the Compliance division operations. This data and analysis relates only to the CDBG division section of the survey form. This survey form included “yes” and “no” questions and three questions comparing ORCA with other state agencies (possible responses of better than, equal to, or less than).

- Data collection time frame/cycle: The survey form was mailed on May 16, 2008 with a requested return date of May 28, 2008.
- Data limitations: None
- Numbers of customers surveyed (respondents): 66
- Number of customers who received the survey: 1149
- Confidence interval/level: High
- Error/response rate: Response rate was 5.7%
- Customer groups excluded from data collection process: There were no exclusions.
- Justification for exclusion of customer groups: Not Applicable.

Rural Health Division: Rural Health Grant Recipients’ Survey Responses

A two section survey form was mailed to 583 rural health grant recipients. One section of the form related to general agency questions, and one section related to the agency’s Rural Health program. This data and analysis relates to the Rural Health division operations. There were “yes” and “no” questions and one question comparing ORCA with other state agencies (possible responses of “better than, equal to, or less than”). Information relating to this survey is summarized as follows:

- Data collection time frame/cycle: The survey form was mailed May 16, 2008 with a requested return date of May 28, 2008.
- Data limitations: None
- Numbers of customers surveyed (respondents): 25
- Number of customers who received the survey: 583
- Confidence interval/level: High
- Error/response rate: Response rate was 4.2 %
- Customer groups excluded from data collection process: There were no exclusions.
- Justification for exclusion of customer groups: Not Applicable.



PROGRAM ACCOMPLISHMENTS

Funds Administered for the Benefit of Rural Texas

In fiscal year 2008, federal funds provided the majority of ORCA's program funding. The agency's programs are supported through funding from the US Department of Housing and Urban Development, US Department of Health and Human Services' Health Resources and Services Administration, State General Revenue and General Revenue-Dedicated funds which are earnings from the Permanent and Endowment funds created pursuant to the Comprehensive Tobacco Settlement Agreement Release.

Federal funds made up 92.5 percent of the agency's budget, general revenue comprised 5.8 percent and general revenue-dedicated and other funds were 1.7 percent. The agency held its operating costs at 4 percent of budget ensuring that over .96 cents of every dollar appropriated to ORCA directly benefited rural Texans. In 2008, ORCA's \$8.6 million (5.8%) in general revenue leveraged over \$138.4 million in federal funds for rural community programs.

Hurricane Disaster Recovery in June 2006, Texas was awarded \$74,523,000 to provide relief to communities affected by the disasters. Then in May 2007, Texas was awarded another \$428,671,849 to provide additional disaster recovery to the affected communities. These funds are jointly administered by the Texas Department of Housing & Community Affairs and ORCA.

Community Development, Economic Development & Disaster Recovery

Grants and loans totaling \$162,578,128 were administered through 594 awards made from ORCA's Texas Community Development Block Grant Program (Texas CDBG Program) between January 1, 2007 and October 31, 2008. The types of projects assisted with these funds included:

- **Business development** (Texas Capital Fund - administered by the Texas Department of Agriculture through an interagency agreement);
- **Disaster recovery** (Disaster recovery/Urgent Need Fund);
- **First-time water, sewer service** (Community Development Fund; Community Development Supplemental; Colonia Construction Fund; Colonia Economically Distressed Areas Program; Texas Small Towns Environment Program (STEP));
- **Housing rehabilitation** (Colonia Construction Fund)
- **Infrastructure improvements**, such as the installation and repair of water and sewer service lines, hydrants, yard lines, lift stations, pumps, pressure and storage tanks (Community Development Fund; Community Development Supplemental Fund);
- **Job creation and retention** (Microenterprise Loan Fund; Small Business Loan Fund);
- **Planning activities**, such as surveys, site engineering, demographic analyses, land use statistics, development of strategies to address local needs, build local capacity, and other planning elements (Planning and Capacity Building Fund; Colonia Planning Fund; Colonia Comprehensive Planning Fund);
- **Street and drainage improvements** (Community Development Fund; Community Development Supplemental Fund).

ORCA's Texas CDBG Program also provides funds to the Texas Department of Housing and Community Affairs in support of its Colonia Self-Help Centers.

CDBG Accomplishments

Consolidated Fund Categories

For the 2009/2010 biennial cycle the Texas CDBG program has reduced the number of Texas CDBG fund categories to six funds and one pilot program. Texas CDBG combined the Community Development and Community Development Supplemental funds while retaining the regional allocation method as outlined in the 2008 Action Plan. The Non-Border Colonia Fund was eliminated as a separate fund, and the funds were transferred to the Community Development Fund. Each eligible region has the option to establish a Non-Border Colonia or Housing Priority set-aside option within the Community Development Fund. In addition, the Colonia Planning Fund activities were combined with the Colonia Construction Fund.

Simplified the Grant Application

In an effort to simplify the grant application process, Texas CDBG has streamlined and reduced the page count of the Community Development Fund application. The total page count of the application has been reduced from 47 pages to 12 pages and the supporting application guide and appendixes from 104 pages to 53 pages.



In addition, the application is an interactive application in a portable document format (PDF), which provides users with built-in functions that minimize errors and allow users to answer applicable activity specific questions.

Regional Review Committee Scoring Process

Texas CDBG has worked to resolve the U.S. Department of Housing and Urban Development finding related to the Regional Review Committee (RRC) scoring process for the Community Development Fund.

Each of the 24 RRCs undertook the task to establish an objective scoring process. Many of the State scoring factors were eliminated, and a State score was established that would only constitute 10% of the maximum possible RRC points. Ninety percent of the objective scoring factors were developed by the RRC. Each RRC developed a Regional Review Committee Guidebook that includes objective scoring factors, indicates how responses would be scored under each scoring factor, and indicates allowable data sources that are verifiable to the public. This new process eliminated the need for the applicant to make a presentation before the RRC.

Closing out Contracts

Texas CDBG staff has worked continuously to resolve issues that have resulted in extensive delays in the closing of contracts. Contracts that have been open for five years or more and are considered “aged”.

Actions to Close “Aged” Contracts

Of the 28 “aged” contracts that were open as of January 1, 2007, only two remain open. Texas CDBG closed 18 of these contracts, including eight challenging Housing Infrastructure Fund (HIF) projects. Texas CDBG also created a new status designation, known as “repayment required”. These projects have ended; however the contracts included disallowed costs that must be repaid to the program before being classified as closed or terminated. Eight “aged” contracts previously listed as open were reclassified as “repayment required”.

Status of Open “Aged” Contracts

Texas CDBG staff regularly reviews aged contracts. Each contract is evaluated as it reaches its end date. Texas CDBG staff will either grant an extension request or take actions to close the contract on a case-by-case basis.

Since January 1, 2007, twenty-two contracts have reached the five-year point, and remain open as of October 31, 2008. These contracts represent just 3.5% of the 654 contracts awarded from September 1, 2001, to October 31, 2003. Four additional contracts that have ended and are classified as “repayment required” are now also considered aged.

Open Meeting with Communities, Administrative Consultants and Engineers

During the biennium Texas CDBG provided a multitude of workshops, one-on-one trainings, and technical assistance to its communities, administrative consultants, and engineers throughout the State:

- *Application workshops* for the Community Development Fund, Planning and Capacity Building Fund, and Colonia Fund.
- *Meeting a National Objective Workshops* using beneficiaries and Census data;
- *Project Implementation Workshops* based on the 2007/2008 Project Implementation Manual;
- *Survey Methodology Workshops* for U.S. Department of Housing and Urban Development’s new survey requirements for the Texas CDBG program;
- *Outreach and Miscellaneous Training* from field offices, technical assistance, one-on-one and STEP town hall meetings.

Texas CDBG staff assisted each of the 24 Regional Review Committees in development of objective scoring criteria. Each RRC held preliminary meetings and public hearings in order to obtain input from communities, administrative consultants, and the public about the objective scoring criteria and regional priorities.

Cooperation with Secretary of State’s Office

Texas CDBG and the Secretary of State’s Office collaborate on a number of colonia related issues. Texas CDBG staff serve on a number of work groups related to colonia issues. These work groups work on colonia related legislation, review the progress of colonia projects, and facilitate communication between multiple funding agencies.

The Secretary of State Office Colonia Ombudspersons work in the field to assist communities. The Colonia Ombudspersons and Texas CDBG staff work to collaborate and facilitate possible funding opportunities for colonia projects, identify any current project issues, and work to resolve them.

Disaster Recovery Achievements

Texas CDBG has provided assistance to communities for disaster recovery. The Texas CDBG Disaster Recovery fund is one of the only state funds available for rural communities for Disaster Recovery. Over the past two years ORCA has awarded 88 Disaster Recovery Fund contracts for a total of \$25,371,518. In an effort to respond to the needs of rural communities, Texas CDBG has added \$16,033,994 to the Disaster Recovery fund using deobligated and program income funds.



ORCA has received reports from communities indicating that generators that were installed using disaster recovery funding were vital to the region during the immediate aftermath of Hurricane Ike, which hit the southeast Texas Gulf Coast on September 13, 2008. Communities reported that these generators provided necessary power to operate water and sewer facilities and provide other essential services.

ORCA's SORH division made available a total of \$300,000 in disaster recovery assistance for Chambers County Public Hospital District #1 and Liberty Medical Rural Health Clinic, in response to Hurricane Ike. The Chamber's County Hospital and Clinic suffered severe damage during the storm and was

awarded \$290,000 to assist with rebuilding and repairs. Liberty Medical Rural Health Clinic was awarded \$10,000 to purchase a generator and re-stock supplies that were depleted during the aftermath of the storm. This program was funded by interest accrued from the State's Tobacco Endowment.

Of the \$31.8 million in Disaster Recovery Supplemental Funding for Hurricanes Katrina and Rita distributed, ORCA expects projects to be completed by the end of November 2008 with all funds to be expended by the early part of January 2009. A total of \$300,000 was made available to respond to disaster requests. This program was funded by interest accrued from the State's Tobacco Endowment. ORCA plans to develop a special report related to the disaster recovery funding that will highlight successes, results of the funding and strategies that can be duplicated or developed for current and future disaster recovery programs.



ORCA has established a new Disaster Recovery Division to continue to manage Hurricane Rita/Katrina disaster recovery funding, anticipated funding for Hurricane Ike and any future disaster related funding. The division will be charged with developing program strategies designed to provide funding in an expeditious manner. ORCA's Governing Board allocated \$1 million of deobligated CDBG funds to support the establishment of the new division and the hiring of an engineering firm to provide technical assistance and assist communities in prioritizing projects for Hurricane Ike disaster recovery assistance.

ORCA's Executive Director is a Board member of the Council of State Community Development Agencies (COSDA) and has chaired a task force to develop federal legislative changes to allow states to improve and speed up CDBG disaster recovery operations. The proposed changes to the Stafford Act would assist communities in areas such as suspending the labor standards for 12 months from the date of the disaster; eliminating match requirements for all sources of disaster funding; and requiring the Army Corp of Engineers and other federal permitting agencies to prioritize projects in a disaster area.

State Office of Rural Health (SORH) Achievements

CAHHIT Network Grant

ORCA's SORH division competed for and won one of 16 nationwide grants for the Critical Access Hospital Health Information Technology Networking Program, a one-time opportunity administered by the Health Resources and Services Administration (HRSA). ORCA received a grant for \$1.6 million to electronically connect two Critical Access Hospitals in North Texas with their local health care partners and a common ancillary hospital in Amarillo.

ORCA selected Parmer County Community Hospital in Friona and Collingsworth General Hospital in Wellington to participate in the project, which also included a telemedicine component with Texas Tech Health Science Center for specialty consultations. The SORH Division collaborated with the Rural Community Health Institute (RCHI) located within the Texas A&M Health Science Center to complete the goals and objectives of the project.

Disaster Response

With Hurricane Ike, the SORH responded to requests from Chambers County Public Hospital District #1 and Liberty Medical Rural Health Clinic. A total of \$300,000 was made available to respond to disaster requests. This program was funded by interest accrued from the State's Tobacco Endowment.

The Chamber's County Hospital and Clinic suffered severe damage as a result of Hurricane Ike and was awarded \$290,000 to help cope with the rebuilding and repairs of the storm.

Liberty Medical Rural Health Clinic was awarded \$10,000 to purchase a generator and re-stock supplies that were depleted during the aftermath, for the residents of Liberty County.

Rural Health Pilot Project using CDBG Funds

The SORH division developed the first rural health pilot initiative using Community Development Block Grant de-obligated funds to promote better access to healthcare in rural areas of Texas. The Pilot was made available to the rural areas in July of 2008 with an application deadline of mid-November. It is expected that final selection and awards will be made in early 2009.

Partnerships & New Opportunities

The SORH Division continues to work with partners within Texas as well as at the national level to explore possible collaborations and resource opportunities. Relationships such as with RCHI have provided ORCA with a vehicle to provide low cost opportunities for rural hospitals to participate in Hospital Compare, an initiative of the Center for Medicare/Medicaid Services and the Texas Medical Foundation, who serves as the State's Quality Improvement Officer.

ORCA expects to continue the collaboration with TRHA and THA to bring high quality training to our rural constituents in the most efficient and effective manner possible. The SORH division participated in the first collaboration with the Texas Rural Health Association and the Texas Hospital Association to combine the annual conferences of the three organizations into one complete conference. ORCA's role included the annual Critical Access Hospital meeting.

Renewable Energy Services

ORCA has become a leader in helping rural communities boost their economies through the development of renewable energy. Texas already is the nation's leading producer of wind power. This has meant new jobs and industry for communities where wind farms are located, along with new tax revenues for rural schools and new income streams for farmers and ranchers.

In 2007, ORCA's governing board allocated \$500,000 in Community Development Block (CDBG) grant funds to launch a Renewable Energy Demonstration Pilot Program. The first grant of \$500,000 was awarded in spring 2008 to the City of Seminole to help fund a \$1.6 million project using wind energy to help power a groundwater desalination project.

In summer of 2008, ORCA's governing board approved an additional \$488,714 in CDBG money for the agency's renewable energy program. This grant was awarded to the City of Lometa to install solar panels that are expected to cut energy costs at the city's wastewater treatment plant by 60 percent. The ORCA board also approved allocating \$500,000 for the renewable energy grant program for 2009.



ORCA serves as coordinator for the Rural Alliance for Renewable Energy (RARE), which brings together renewable energy experts from industry, government, the state's universities and agricultural producers in a collaborative effort to further development of renewable energy in Texas. ORCA also coordinates the Texas 25x '25 Alliance, part of a national effort to get 25 percent of our energy from renewable resources.

ORCA's renewable energy program is funded in part through a contract with the State Energy Conservation Office. In 2007, the Legislature approved funding to match the SECO money, allowing an ORCA staffer to work full-time conducting renewable energy outreach.

Compliance Division Achievements

The Compliance Division is expanding the scope of review for the Environmental component of CDBG contracts in order to better identify potential barriers to compliance with HUD requirements prior to construction draws. Division staff will participate in up to six in-depth training sessions to address the on-going issues surrounding the Environmental requirements of the CDBG program. The training sessions are intended to assist small rural communities in meeting their documentation requirements for supporting their environmental findings prior to drawing CDBG construction funds.

The Compliance Division continues to meet the program initiative of performing an on-site contract monitoring review of 100 percent of the CDBG contracts. In addition, a formal review process has been implemented for the State Office of Rural Health contracts to complete the closeout process for those grant programs.

AGENCY PUBLICATIONS

During the biennium, the agency released several major publications, all available online at www.orca.state.tx.us/index.php/Home/Publications.

Community Telecommunications Alliance Program Report

The Office is required by Section 487.653, Government Code, to submit to the legislature a report detailing the grant activities of the Community Telecommunications Alliance Program (CTAP program) and grant recipients not later than January 1 of each odd-numbered year.

The CTAP program report must include:

- the criteria used to quantify the effect grant funds had in advancing telecommunications connectivity and technology;
- data and performance measures used to quantify the achievement of program objectives; and
- a description of and results from a grant monitoring risk assessment and on-site review process.

The program is designed to assist local communities in the creation and development of community telecommunications alliances by providing advice and assistance in assessing local uses of and local demands or needs for local telecommunications and information services of private sector providers. In addition, the program is designed to assist community telecommunications alliances in applying for grant funding for projects. The report is available online at www.orca.state.tx.us/pdfs/CTAP_2006.pdf.

Emergency Services District Operating Guide 2008

In 2005, the Texas Legislature passed House Bill 2619 (R) which instructed ORCA to assist rural areas with the establishment of Emergency Services Districts. The agency does so by providing interested rural community officials with:

- General information about ESDs;
- Information and training related to the establishment of an ESD; and
- Technical assistance related to the implementation of an ESD.

The Office of Rural Community Affairs serves as a resource, not an advocate, for the establishment and maintenance of ESD's. The Guide provides a summary of ESD policies and procedures and is designed to serve as an overview for ESD Commissioners, providing samples and suggestions for the administration of ESDs. The report is not a substitute for competent legal advice. All readers are encouraged to refer to the Texas Constitution, the proper state legislation, and federal laws, rules, and regulations, or seek the advice of an attorney for more detailed information.

Status of Rural Texas Report

The Office is required by Section 487.051, Government Code, to monitor developments that have a substantial effect on rural Texas communities, especially actions of state government, and compile an annual report describing and evaluating the condition of rural communities. To meet this legislative requirement, the Office annually publishes the Status of Rural Texas Report.

The sixth annual report on the status of rural Texas, *Winds of Change*, examines rural Texas' continued population growth, rural economic conditions, and labor force. Also, the report looks at a new measure

for rural prosperity, the health of rural veterans, the impact of renewable energy, innovations in teacher recruitment, Subprime mortgages, rural Texas' creative class, and the Census' American Community Survey. *Winds of Change* is available online at www.orca.state.tx.us/pdfs/Status_2007_FINAL.pdf.

Rural Health Work Plan

Every odd numbered year, ORCA produces a Rural Health Work Plan. The Plan serves as a framework to inform and guide the state's coordinated efforts in service planning, resource allocation and program design and implementation to meet rural Texas' healthcare needs, conditions and challenges.

Agency staff works with health care providers, rural communities, universities and related state health and human services agencies in developing and receiving public comment on the Plan.

The 2007 Plan identified several key current (and future) issues and trends affecting health and human service delivery in rural communities.

Key issues included:

- Status and quality of rural health in Texas
- Access to health care
- Rural health infrastructure
- Rural health workforce
- Rural health finance

2007 Rural Health Work Plan Participants

- American Hospital Association
- Health Strategies Consultancy and Center for Health Care Strategies Collaboration
- Institute of Medicine
- Texas Department of State Health Services
- Texas Commission on Health and Human Services
- Texas Diabetes Council
- Texas Health Quality Institute
- Texas Hospital Association
- Texas Medical Association
- Texas Medical Foundation
- Texas Organization of Rural and Community Hospital

Agency Newsletter

The Rural Source is a periodic Agency publication used to inform recipients of the work, initiatives and programs of the Office of Rural Community Affairs. It contains article on events and provides information that is relevant to those that live and work in rural Texas. The agency publication is used in conjunction with the agency's website, news releases, RSS feeds and media advisories.

In 2008 ORCA management decided to make the agency publication primarily electronic. It is distributed through an email marketing initiative as well as through RSS. It is also available online at www.orca.state.tx.us .

INTERNAL ACCOMPLISHMENTS

Financial Audit

In 2008 the following audits of ORCA's programs and services were completed:

Internal Audits

- Management Audit
- Rural Health Division Audit
- Contract Management Audit Follow Up
- IT Security Audit

HUD Audit

- Hurricane Recovery Funds

State Audit

- State Comptroller's Post Payment Audit

FISCAL YEAR 2008 FINANCIAL SUMMARY

September 1, 2006 – August 31, 2008

Income	Amount	Notes
Opening Balance	\$737.45	As as August 31, 2006.
Contributions & Support	\$3,722.21	Total ORCA reimbursements for operating expenses.
Reimbursement to TRF	\$16.99	From David Nobles
Transfer Funds	\$775.76	Closed Program Account #3163104171
Total Income:	\$5,252.41	
Expense	Amount	Notes
Convention/Meeting	\$ 800.00	Texas NDC Training Registration
Grant & Contract	\$358.20	Fee for Speaker at July, 2006 Board Meeting
Other Misc. Expenses	\$ 37.50	Monthly bank charges.
Travel	\$869.74	Board meeting related travel and per diem.
Total Expenses:	\$2,065.44	

Account Balance: \$ 3,186.97 As of August 31, 2008.

Internal Performance Tracking

On a quarterly, annual, or biennial basis, the agency submits up to seven key performance measures and eleven non-key measures to the Legislative Budget Board (LBB) and the Office of the Governor. As an on-going process, ORCA develops new measures that will be useful in assessing the agency's performance. These measures are evaluated each quarter and reported to the ORCA Governing Board to inform them of factors that may be supporting or impeding the ability of the agency to meet performance targets. Internal management reports are developed as needed to assess the performance and activities of agency programs.

New Policies and Procedures

The agency has adopted and uses an administrative policies and procedures format to encourage the consistent consideration of important elements, and to establish a review and approval process for new agency policies and procedures. The format includes a policy/procedure title, division responsible for administering the policy, effective date, revision dates, approval dates, authorizing signatures, purpose/general description, authority reference (i.e., laws, regulations, if any), detailed description of the policy, and description of standard operating procedures required to implement the policy. Policies and procedures are updated and amended as needed with revisions placed on the agency intranet and all employees informed of the changes.

Some of the amended and new policies and procedures related to agency operations include:

- Employee Flex Schedule and Alternative Work Schedule;
- Headquarters' Office Space Allocation;
- Person in Charge During the Absence from the Office of the Executive Director, Program Director, or Section Manager;
- Travel Reimbursement for Rental Vehicle or Personal Mileage;
- Team Lead Assignments;
- Employee Working Hours;
- Accrual and Use of Compensatory Time;
- Job Posting and Hiring Policy and Procedures;
- System for Receiving and Resolving Complaints Regarding Agency Operations;
- ORCA Ethics Policy;
- Employee Separation from the Agency;
- Office Closing due to Inclement Weather or Other Emergency

Staff Training, Memberships

Training Provider	Representative Examples
<i>Business Operations and Professional Development</i>	
SkillPath	Team Building, Leadership, Effective Communications
Texas Conference for Women	Leadership, Health Issues, Work Styles
Executive Women in Texas Government	Growing Leaders from Within
Texas Department of Public Safety	If Your Car Could Talk
New Horizons	Summarizing Excel Data, Adobe Acrobat
<i>Community Development</i>	
Office the Texas Comptroller	"Truth in Taxation"
New Horizon	Crystal Reports
U.S. Department of Housing and Urban Development	Acquisition, "Basically CDBG" and Environmental
U.S. Department of Housing and Urban Development, the U.S. Department of Justice	"Fair Housing: It's Not An Option, It's the Law"
<i>Information Technology</i>	
New Horizons	Microsoft Exchange Server administration, Crystal Reports
Texas Department of Information Resources	SQL Server reporting services, IT Commodity Purchasing, RFID Tagging of Public Assets, Enterprise Content Management, Wireless Network Security, CRC IRM Education
Texas Comptroller	TINS Inquiry Web-Base Training
EMC	Autostart SE Installation, Configuration, and Administration
<i>State Office of Rural Health</i>	
Texas Hospital Association	Rural Hospital Forum, Leadership Conference
<i>Rural Policy Related</i>	
Texas Association of Community Development Corporations	Policy Summit
Texas A&M University	Texas Water Resources Institute
Texas Department of Public Safety	Texas Hurricane Conference

Community Development Staff Cross-Training

Texas CDBG has worked to promote cross-training between Program Development and Program Management areas of the Community Development Division of ORCA. Two staff members divide their duties between managing Texas CDBG contracts and participating in program development activities. Both Texas

CDBG teams have received continuous internal training. Some of the internal training activities include: application review, contract management, and survey and census training to document a CDBG program national objective.

Memberships

- Association of Texas Leadership Programs
- Council of State Community Development Agencies
- Executive Women in Texas Government
- Greenlights for Nonprofit Success
- National Association of Government Communicators
- National Organization of State Rural Health Organizations
- National Rural Health Association
- Society of Government Meeting Professionals
- State Bar of Texas

APPENDIX A:

Texas Rural Foundation

The Texas Rural Foundation (TRF) is a 501(c)(3) nonprofit corporation established by the Office of Rural Community Affairs to raise money from public, private, corporate, and other sources in order to finance health, community development, and economic development programs in rural Texas. Its goal is to be a big resource for small Texas communities. The TRF operates independently from any state agency or state political subdivision. This “arm’s length” relationship with state government enables the TRF to be autonomous, flexible, and responsive.

The ORCA Executive Committee (now ORCA Governing Board) appointed an original group of five Board members to begin the process of educating themselves about issues facing rural Texas and to develop a vision for the purposes of the TRF. This Board unfortunately did not evolve into an entity with an active role that involved applying for grants and seeking other funding sources for rural Texas. By December of 2005 the Board became inactive and by 2007 all but one Board member had resigned from the Board. The current and remaining Board member is:

Ms. Tyane Thomas Dietz
Private Consultant
Lufkin (Angelina County)
Term Expires: 2011

The ORCA nine-member Executive Committee was dissolved after ORCA emerged from its Sunset process during the 80th Legislative session. The Executive Committee was replaced with a new eleven member Governing Board of which 10 members are now appointed by the Governor. The 11th member is the Agriculture Commissioner who is appointed through the agency’s enabling statute.

The new ORCA Governing Board has resolved to activate the TRF and has taken a very proactive step to ensure its success. The Board engaged the services of another non-profit Corporation called Greenlights for Non-Profit Success. Greenlights’ sole purpose and mission is helping other non-profits become functional, effective and successful. Greenlights provides a coordinated network of support services for nonprofits which directly addresses capacity building needs such as collaborative learning, peer-to-peer relationships, and providing leaders at all levels with access to developmentally appropriate management tools that are customized for the client.

Greenlights began work for the Governing Board in June of 2008 and was charged with the review of the activities of the TRF and its organizational purpose. It was directed to develop a plan to appoint new board members along with establishing the “next steps” that the TRF should take and to develop a best practices guideline for the TRF Board. The TRF Board will also be expanded from the original five members to a number not less than nine or more than fifteen Board members due to legislative changes made during the 80th Legislature. A final report and facilitated workshop will be given to the ORCA Governing Board at a retreat to be held on November 24th.

The ORCA Governing Board is committed to establishing an effective foundation for rural Texas and has a goal of making all of the appointments for new TRF Board members by early 2009.

APPENDIX B:

Agency Report on Rural Housing

Housing Needs of Rural Texas

ORCA was charged by the Legislature to conduct an assessment of the housing needs for rural communities throughout the state for all income levels. The Office obtained housing data for the state from the Texas Department of Housing and Community Affairs (TDHCA) to assess the housing needs of rural Texas.

Data Sources

The sources of data used in this assessment of housing needs for rural Texas are from the 2000 U.S. Census and the 2000 Comprehensive Housing Affordability Strategy (CHAS). The Office received the State of Texas housing data from TDHCA that included the housing data from the 2000 U.S. Census and 2000 CHAS data down to the county level. In order for the Office to derive the housing data for rural communities from the 2000 U.S. Census and CHAS data, the Office used the 1993 U.S. Office of Management and Budget (OMB) classification for metropolitan and nonmetropolitan counties. The State of Texas housing assessment and analysis is located in the Housing Analysis section of TDHCA's 2008 State of Texas Low Income Housing Plan and Annual Report.

1993 U.S. Office of Management and Budget (OMB) Classification

In an effort to identify the housing needs of rural Texas, the office used the 1993 OMB Classification for metropolitan and nonmetropolitan. Under the 1993 Classification, 196 of Texas' 254 counties (77 percent) are classified as nonmetropolitan. The OMB designates a county as "nonmetropolitan" if it is located outside territory designated as metropolitan. A county is designated as "metropolitan" if it contains a place with a minimum population of 50,000 and has a total population of at least 100,000. Thus, a nonmetropolitan county contains places with populations less than 50,000 and has a total population of less than 100,000. Under this classification, rural Texas covers approximately 80 percent of the state's total land area, encompassing 213,297 of 267,277 the square miles in Texas

Income Categories

The Office also used the HUD-Adjusted Median Family Income (HAMFI) for income categories for the assessment of housing needs in rural Texas. The CHAS data classifies households into five income categories based on the reported household income, the number of people in the household, and the geographic location.

Households are classified into income by groups by comparing reported household income to the HUD-Adjusted Median Family Income. The income limits are by household size for each metropolitan area and nonmetropolitan county in the United States and its territories.

The income categories are extremely low income, very low income, low income, moderate income, and above 95 percent of HAMFI:

- Extremely Low Income: Less than or equal to 30 percent of HAMFI
- Very Low Income: Greater than 30 percent and less than or equal to 50 percent of HAMFI
- Low Income: Greater than 50 percent and less than or equal to 80 percent of HAMFI
- Moderate Income: Greater than 80 percent and less than or equal to 95 percent of HAMFI
- Above 95 percent HAMFI

Data Limitations

The limitations of the data should be considered for the information provided in this section. An exact assessment of housing need can be found only at the local level on the direct experience of the local households.

When data is aggregated into regional, county, and statewide totals the level of housing need is lost. For example, housing needs in rural communities are often distorted when reported at the county level because housing needs are often very different in rural and urban areas. The large population of urban metropolitan areas can skew the data and mask the needs of the rural areas. Reliable data available on the condition of the housing stock, the homeless population, and the housing needs of special needs populations is very limited.

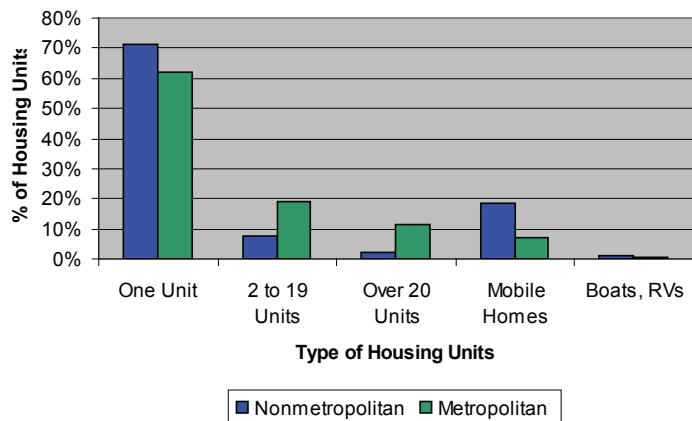
Housing Supply

According to 2000 U.S. Census data, of the 1,381,481 housing units in the non-metropolitan counties in Texas, approximately 1,135,828 are occupied, which is an 82 percent occupancy rate.

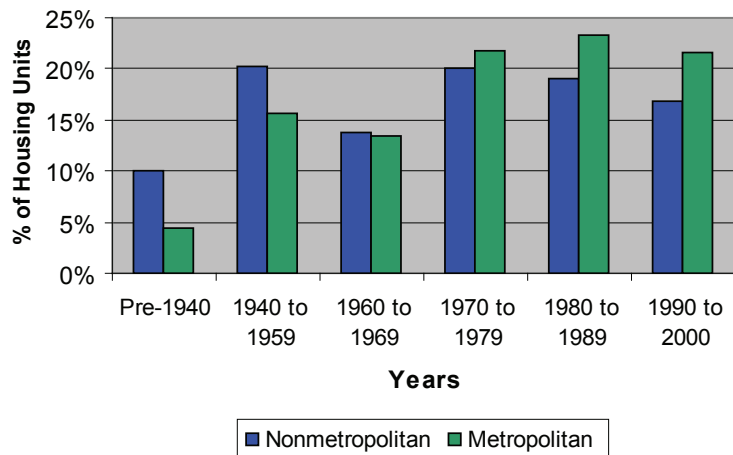
Of the total housing stock available in the nonmetropolitan counties in Texas, approximately 73 percent are single-unit housing, 9 percent are two or more housing units, and 19 percent are mobile homes, boats and recreational vehicles (RV) housing units. In the metropolitan counties in Texas, approximately 62 percent are single-unit housing, 31 percent are two or more housing units, and seven percent are mobile homes boats and RVs housing units.

According to the 2000 U.S. Census of the available housing units, in the nonmetropolitan counties in Texas approximately 10 percent of the housing units were built prior to 1940. Approximately 17 percent of the housing units in nonmetropolitan counties in Texas were built from 1990 to 2000. In the metropolitan counties in Texas, approximately four percent of the housing units were built prior to 1940, and 22 percent of the housing units were built from 1990 to 2000.

Housing Units by Type



Housing Units by Year Built



Source: 2000 U.S. Census

According to the CHAS database tabulation of the 2000 U.S. Census, in the nonmetropolitan counties in Texas approximately 75 percent of the households are owner-occupied units and 25 percent of the households are renter-occupied units. In the metropolitan counties in Texas, approximately 62 percent of the households are owner-occupied units and 38 percent of the households are renter-occupied units.

Affordable Housing Need

When analyzing local housing markets and developing strategies for meeting housing needs, HUD suggests the consideration of several factors. These factors include the amount a household spends on housing costs, the physical condition of the household, and whether or not the household is overcrowded.

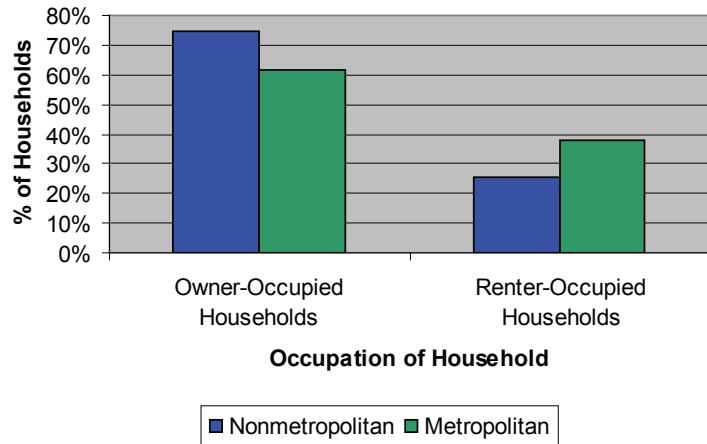
Affordable units are defined as units for which a household would pay no more than 30 percent of its income for rent and no more than two and one-half times its annual income to purchase.

Physical Inadequacy (Lack of Kitchen and Plumbing Facilities)

The measure of physical inadequacy available from the CHAS database tabulation of the 2000 U.S. Census is the number of housing units lacking complete kitchen and/or plumbing facilities. Although this is not a complete measure of physical inadequacy, the lack of plumbing and/or kitchen facilities serves as a strong indicator of one type of physical inadequacy. In the non-metropolitan counties in Texas, approximately 17,560 households or 1.5 percent of the households are lacking a complete kitchen and/or plumbing facilities. In the metropolitan counties in Texas, approximately 64,736 households or one percent of the households are physically inadequate.

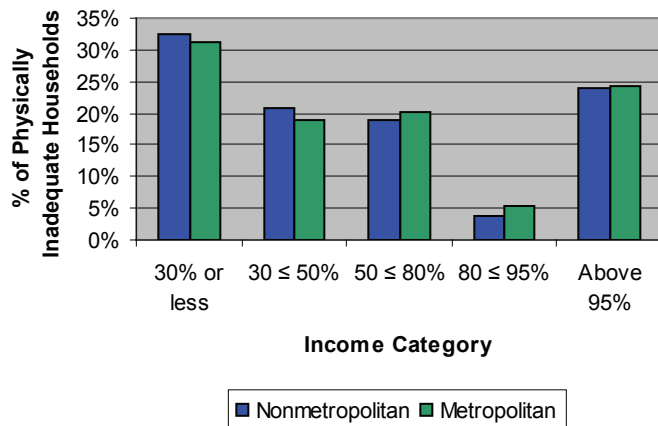
In the nonmetropolitan counties in Texas, approximately 72 percent of the physically inadequate households are under 80 percent of HAMFI of that 33 percent of the physically inadequate households are in the extremely

Housing Units by Occupation



Source: 2000 CHAS

Physically Inadequate Households by Income Category



Source: 2000 CHAS data

low income category. In the metropolitan counties in Texas, approximately 70 percent of the physically inadequate households are under 80 percent of HAMFI of that 31 percent of the physically inadequate households are in the extremely low income category.

Approximately 73 percent of the renter-occupied physically inadequate households in the nonmetropolitan counties in Texas are under 80 percent of HAMFI of that 35 percent are in the extremely low income category. In the metropolitan counties in Texas of the physically inadequate renter-occupied households, approximately 64 percent of the renter-occupied physically inadequate households are under 80 percent of HAMFI of that 26 percent are in the extremely low income category.

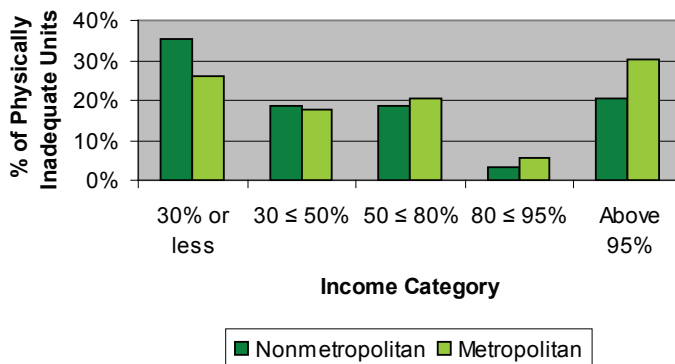
Of the physically inadequate owner-occupied households in the nonmetropolitan counties in Texas, approximately 70 percent of the owner-occupied physically inadequate households are under 80 percent of HAMFI of that 31 percent are in the extremely low income category. In the metropolitan counties in Texas of the physical inadequate owner-occupied households, approximately 64 percent of the owner-occupied physically inadequate households are under 80 percent of HAMFI of that 26 percent are in the extremely low income category.

Excess Housing Cost Burden

An excess cost burden is identified when a household pays more than 30 percent of its gross income for housing costs. According to the CHAS database tabulation of the 2000 U.S. Census, in nonmetropolitan counties in Texas approximately 213,227 or 19 percent of the households have an excess housing cost burden. In the metropolitan counties in Texas, there are approximately 1,319,635 or 21 percent of the households have an excess housing cost burden.

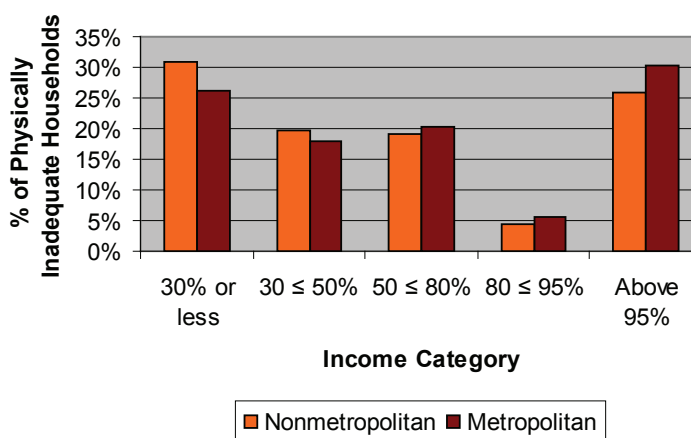
In the nonmetropolitan counties in Texas, approximately 85 percent of households with an excess cost burden are under 80 percent of HAMFI of that 39 percent are in the extremely low income category. In the metropolitan counties in Texas, approximately 82 percent of households with an excess cost burden are

Renter-Occupied Physically Inadequate Units by Income Category



Source: 2000 CHAS data

Owner-Occupied Physically Inadequate Units by Income Category



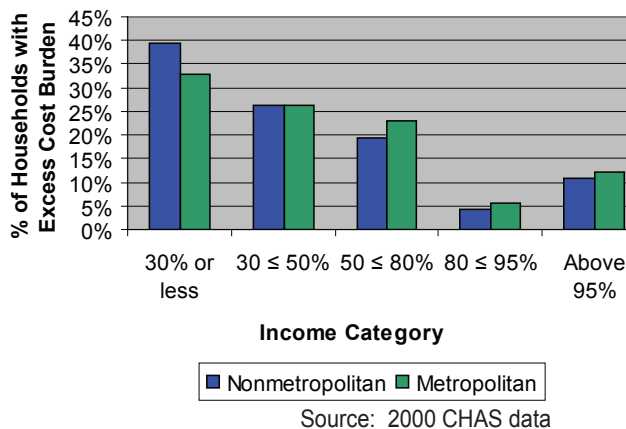
Source: 2000 CHAS data

under 80 percent of HAMFI of that 33 percent are in the extremely low income category.

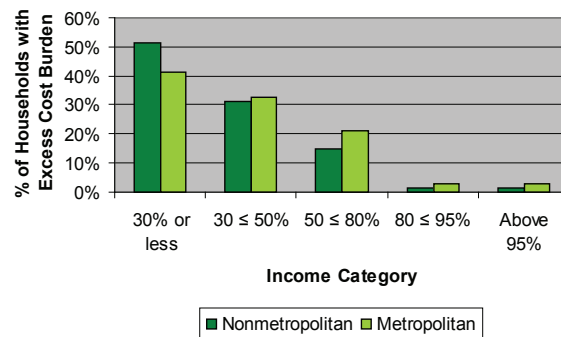
Of the renter-occupied households in the nonmetropolitan counties in Texas, approximately 97 percent of the renter-occupied households with an excess housing cost burden are under 80 percent of HAMFI of that 51 percent are in the extremely low income category. In the metropolitan counties of the renter-occupied households with an excess cost burden, approximately 95 percent are under 80 percent of HAMFI of that 41 percent are in the extremely low income category.

Approximately 79 percent of the owner-occupied households with an excess housing cost burden in the nonmetropolitan counties in Texas are under 80 percent of HAMFI, of that 34 percent are in the extremely low income category. In the metropolitan counties in Texas, approximately 70 percent of the owner-occupied households with an excess housing cost burden are under 80 percent of HAMFI of that 25 percent are in the extremely low income category.

Excess Cost Burden by Income Category



Renter Households with Excess Cost Burden by Income Category

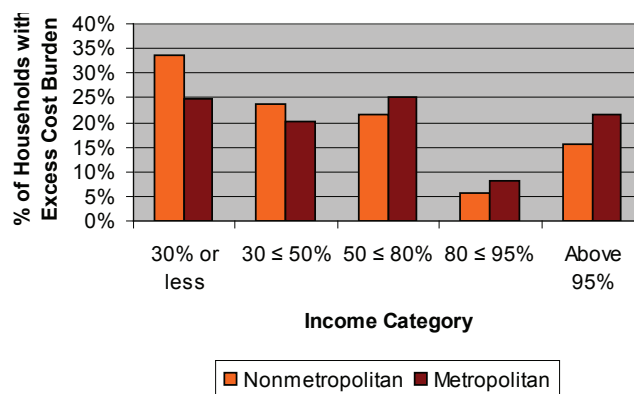


Overcrowding

Overcrowding is identified when a household accommodates more than one person per each room in the dwelling. According to the CHAS database tabulation of the 2000 U.S. Census, in nonmetropolitan counties in Texas approximately 76,685 or seven percent of the households are overcrowded. In the metropolitan counties in Texas, approximately 594,622 or 10 percent of the households are overcrowded.

In nonmetropolitan counties in Texas, approximately 60 percent of overcrowded households are under 80 percent of HAMFI of that 18 percent are in the extremely low income category. In metropolitan counties in Texas, approximately 66 percent of overcrowded households are under 80 percent of

Owner Households with Excess Cost Burden by Income Category



Source: 2000 CHAS data

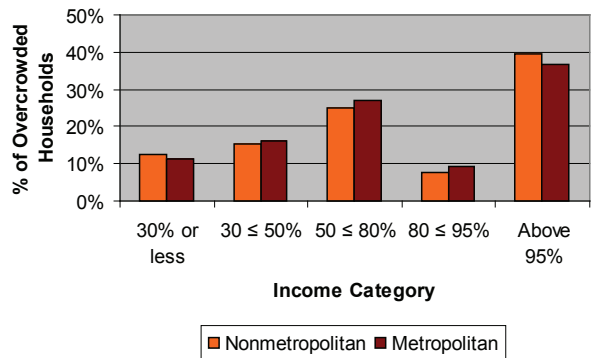
HAMFI of that 20 percent are in the extremely low income category.

In nonmetropolitan counties in Texas, approximately 71 percent of overcrowded renter-occupied households are under 80 percent of HAMFI of that 26 percent are in the extremely low income category. In metropolitan counties in Texas, approximately 73 percent of overcrowded renter-occupied households are under 80 percent of HAMFI of that 25 percent are in the extremely low income category.

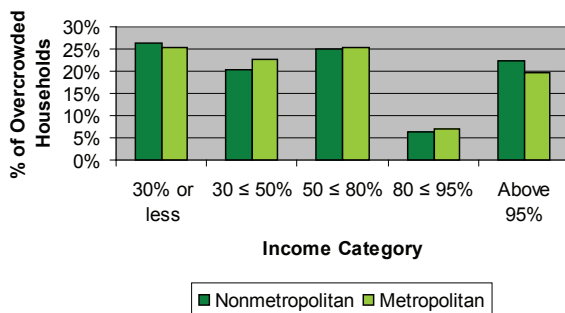
In nonmetropolitan counties in Texas, approximately 53 percent of overcrowded owner-occupied households are under 80 percent of HAMFI of that 12 percent are in the extremely low income category.

In metropolitan counties in Texas, approximately 54 percent of overcrowded owner-occupied households are under 80 percent of HAMFI of that 11 percent are in the extremely low income category.

Overcrowded Owner Households by Income Category

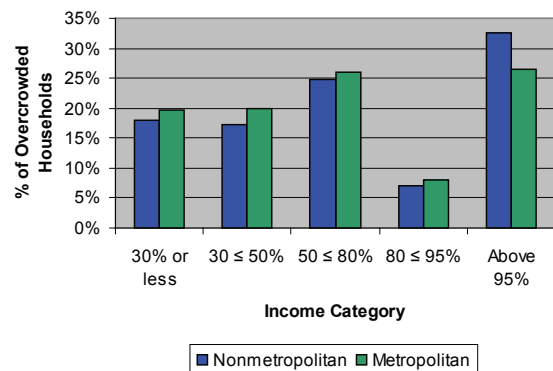


Overcrowded Renter Households by Income Category



Source: 2000 CHAS data

Overcrowded Households by Income Category



Source: 2000 CHAS data

Local Perception

From March to May 2006 TDHCA conducted a survey of the housing and community development needs, issues and problems at the state, regional and local levels. The survey was distributed to state representatives, state senators, mayors, county judges, city managers, housing/planning departments, USDA local offices, public housing authorities, councils of governments, community action agencies, and Housing Opportunities for Persons with AIDS (HOPWA) agencies for total of 2,529 individuals and entities. There was a 17.2 percent response rate for the survey.

In an effort to assess the housing needs for rural Texas, the Office identified the rural communities' responses and the entities representing rural Texas responses to assess the top needs identified by rural communities. Approximately 85 percent of the survey respondents were rural communities or represented rural communities.

According to the responses, rural communities identified Housing Assistance, Development of Rental Units, and Energy Assistance as their top needs. Assistance for Homeless Persons and Capacity Building Assistance received the least needed ranking or was given a no preference response.

Housing Assistance

Over half of the respondents identified home repair assistance as the highest need for housing assistance. Almost a quarter of the respondents identified assistance to purchase a home as the highest need for housing assistance.

Number of Responses Per Need Rank

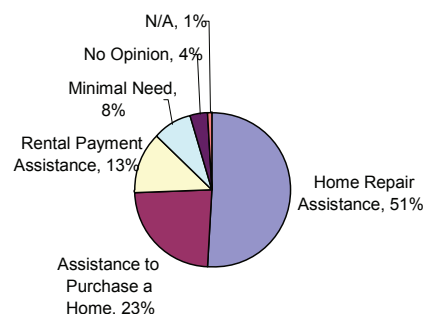
(1 highest, 5 lowest), and percent of total responses within each activity

Answer Choice	1	2	3	4	5	No Opinion	Total Responses
Housing Assistance	114 43.5%	62 23.7%	49 18.7%	22 8.4%	1 5.3%	14 0.4%	262
Development of Rental Units	58 21.5%	51 18.9%	72 26.7%	34 12.6%	32 11.9%	23 8.5%	270
Energy Assistance	66 22.7%	98 33.7%	72 24.7%	37 12.7%	9 3.1%	9 3.1%	291
Assistance for Homeless Persons	14 4.5%	22 7.1%	34 11.0%	61 19.7%	127 41.1%	51 16.5%	309
Capacity Building	49 14.3%	35 10.2%	57 16.7%	90 26.3%	70 20.5%	41 12.0%	342

Housing Assistance

Over half of the respondents identified home repair assistance as the highest need for housing assistance. Almost a quarter of the respondents identified assistance to purchase a home as the highest need for housing assistance.

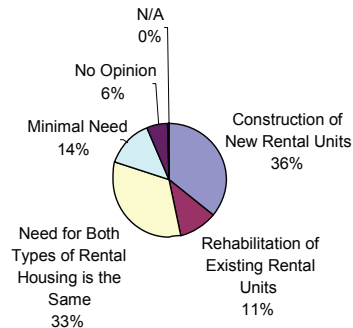
Housing Assistance Activity with Greatest Need (371 Respondents)



Development of Rental Units

Over a third of the respondents identified construction of new rental units as greatest need activity for the development of rental units. Also, a third of respondents identified the need for both new construction and rehabilitation of rental units is the same as the greatest need for development of rental units.

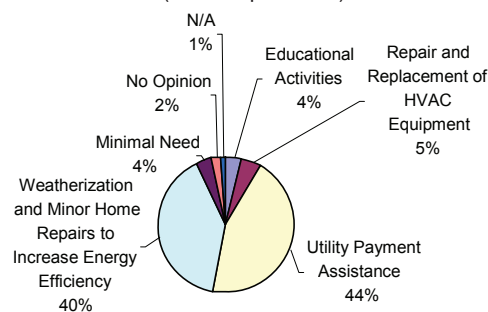
Rental Development Activity with Greatest Need
(371 Respondents)



Energy Assistance

Both utility payment assistance and weatherization and minor home repairs were identified as the top activities with the greatest need for Energy Assistance activities by respondents.

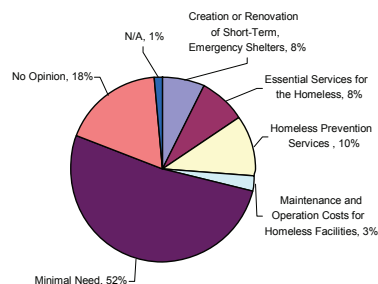
Energy Assistance Activity with Greatest Need
(371 Respondents)



Assistance for Homeless Persons

Over half of the respondents identified that there is minimum need for assistance for homeless persons, and 18 percent had no opinion on the issue. Ten percent identified homeless prevention services as the greatest need activity for assistance for homeless persons.

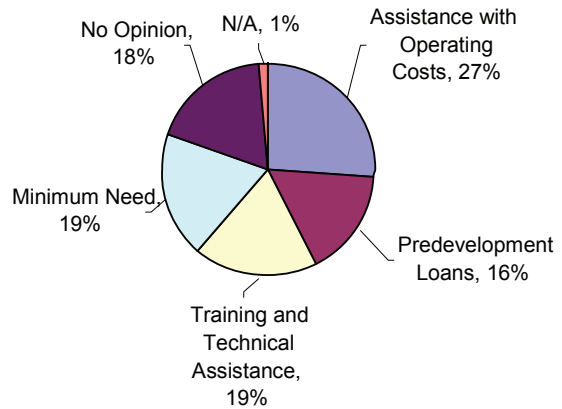
Homeless Assistance Activity with Greatest Need
(371 Respondents)



Capacity Building Assistance

Over a quarter of the respondents identified assistance with operating costs as greatest need activity for capacity building assistance. Nineteen percent of the respondents indicated that training and technical assistance was the greatest need activity.

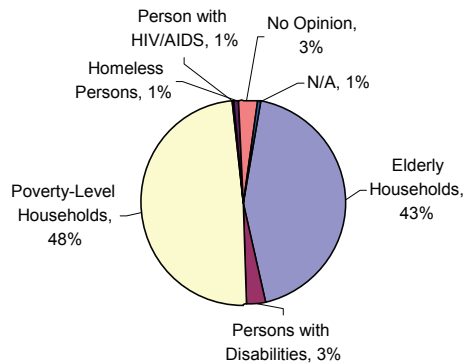
Capacity Building Activity with Greatest Need



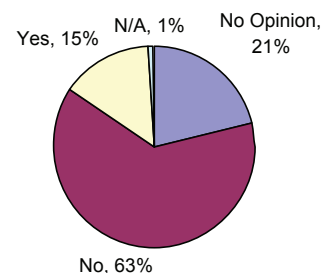
Special Needs Population

Almost half of the respondents identified poverty-level households as the population most in need of assistance. Over 40 percent of the respondents identified elderly households as the population most in need of assistance.

Population Most in Need of Assistance (371 Respondents)



Need for Migrant Farm Worker Housing (371 Respondents)



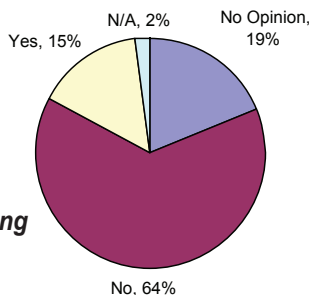
Migrant Farm Workers

The majority of respondents indicated there was not a need for migrant farm worker or seasonal housing in their communities. Only 15 percent of the respondents indicated a need for migrant farm worker housing in their community.

Fair Housing and Discrimination

The majority of the respondents indicated there was not a need for training on fair housing laws in their communities. Only 16 percent indicated there was a need for training in their community.

Need for Fair Housing Training (371 Respondents)



APPENDIX C:

County Indigent Health Care

Section 106.026(b) of Senate Bill 115 (77) states that ORCA's Biennial Report to the Legislature include "...information from each county about indigent health care provided in the county..."

Under federal and state law, hospitals and counties share the responsibility for indigent health care.

Hospital District

A hospital district is a special, semi-autonomous entity established by the state legislature or by a county to provide indigent health care to people living within its boundaries. Although a hospital district has the authority to levy and collect property taxes, the maximum tax rate that it can levy must not exceed 75 cents per \$100 of property valuation and is set when the hospital district is formed. Currently, there are 133 hospital districts in the state covering all or part of 112 counties; of those 133, 109 use the tax they collect to operate a hospital. Over 55 percent of the state's population (in 87 counties) receives its indigent care through hospital districts exclusively. The majority of these hospital districts serve rural areas of the state.

Funding

Funding for hospital districts comes from a variety of sources. On average, about a third of the revenue that hospital districts need to provide free or reduced-price health care to needy residents comes from local property taxes. The other three-quarters generally come from the payers themselves. Payers include individual patients, the State, and private and public insurance.

The state contributes money to hospital districts through the Tertiary Care Fund for emergency care provided to people who are from other counties. Because the Tertiary Care Fund comes from unclaimed prizes from the Texas Lottery, the amount available for distribution varies from year to year.

Hospital districts can also receive federal funding through the Disproportionate Share Hospital (DSH) program, which is a part of the Medicaid program, and the Graduate Medical Education (GME) program. Public and private hospitals that provide a "disproportionate" amount of health care to the indigent and Medicaid-eligible populations are eligible to receive reimbursement through the DSH fund. Money available through the GME program, on the other hand, is used to provide supplemental payments to teaching hospitals to compensate them for costs associated with training medical students. This is significant because the increase in the amount of staff at teaching hospitals, in effect, increases their service capacity to serve more people, including more of the medically indigent.

Public Hospital

Another way a county can fulfill its obligation to provide care for its indigent residents is to run a public hospital. By definition, a public hospital is one that is owned, operated or leased by a county or municipality, but does not include those operated by hospital districts. Like a hospital district, a public hospital has geographic service areas that may cover all or part of counties for which it is responsible for providing indigent health care. Twenty-nine counties are served exclusively by public hospitals.

Funding

Like hospital districts, funding for public hospital indigent health care comes from a diverse range of sources, including local tax—usually ad valorem, sales and use taxes in some cases, the State’s Tertiary Care Fund, patients, private and public insurance, and the special federal DSH program. Unlike hospital districts, however, the local tax support of public hospitals is not always dedicated.

County Indigent Health Care Program

A third way a county can meet its responsibility is to operate a county indigent health care program (CIHCP). Each county’s indigent care program is responsible for serving all of its residents. Counties are required, at a minimum, to care for those people whose income is at a certain dollar amount per month. The Indigent Health Care Reform Bill of 1999 (HB 1398) set this amount or eligibility standard at 17 percent of the federal poverty level (FPL) (Texas Health and Safety Code, Chapter 61, Sec. 61.052). In 2004, this amount was set at 21 percent of FPL (Texas Health and Safety Code, Chapter 61, Sec. 61.052). Table 1 below shows the federal poverty guidelines for April 2007.

Table 1. Federal Poverty Guidelines for 2007

CIHCP Monthly Income Standards April 1, 2007	
Family Size	21% of FPG
1	\$179
2	\$240
3	\$301
4	\$362
5	\$423

Note: A household is eligible if its monthly net income does not exceed 21 percent of the Federal Poverty Guideline (FPG). Counties may choose to increase the monthly income standard to a maximum of 50 percent FPG and still qualify to apply for state assistance funds.

State Assistance Funds

A county that operates an indigent health care program may qualify for state assistance funds if its indigent health care expenditure exceeds eight percent of the county’s general revenue tax levy for basic and TDSHS-approved optional services. A county that spends above this threshold can receive reimbursement from the State for 90 percent of any additional costs that meet the program guidelines. Public hospitals and hospital districts are not eligible for the state assistance fund, but may qualify for other state and federal funds. In 2006, 14 counties received a total of \$4,141,201.92 in state matching funds. In 2007, 10 counties received a total of \$2,604,109.82 in state matching funds.

Table 2 lists the counties in Texas which have received money from the State Assistance Fund since 2003. Only counties which are not served by a public hospital or hospital district are eligible for this fund.

In order to qualify for funds, a county must first spend 8 percent of its gross revenue tax levy (GRTL) on client services for indigent health care. After the county has reached this amount, it may receive a 90 percent match for any expenditure it makes on indigent health care from the Indigent Health Care State Assistance Fund, which is general revenue money set aside by the Texas State Legislature for this purpose.

The blank fields in the table represent years in which the county listed either did not meet the spending requirement or did not apply for the State Assistance Fund.

Table 2. DSHS-County Indigent Health Care-State Matching Funds FY 2007

County	2003	2004	2005	2006	2007
Aransas	\$241,557.90	\$259,966.72	\$20,309.31	\$31,877.52	
Armstrong				\$1,037.36	
Atascosa	\$396,401.43	\$283,287.02	\$176,352.14	\$446,372.00	\$324,387.67
Callahan	\$19,523.78	\$74,010.30	\$24,076.44	\$2,006.53	\$85,753.98
Cameron	\$1,053,199.01	\$1,278,169.46	\$1,715,904.96	\$1,111,415.20	\$1,111,415.20
Coryell	\$74,248.50				
Crosby			\$45,979.14	\$82,264.87	
Dewitt	\$30,043.37	\$25,843.49	\$30,288.57	\$7,450.26	\$50,740.42
Dickens			\$20,531.98		
Eastland	\$18,723.20	\$49,187.03	\$14,823.03		
Falls					\$47,980.62
Fannin	\$459,212.87	\$238,367.98	\$230,305.78		
Grayson	\$226,672.98		\$139,927.84		
Guadalupe	\$121,717.51	\$224,143.42	\$141,432.71	\$555,785.52	\$188,242.17
Hale			\$32,140.48		
Hidalgo	\$3,290,887.07	\$1,545,688.89	\$1,724,861.34	\$1,111,415.20	
Jasper		\$67,548.98			
Johnson	\$588,868.98	\$97,009.25			
Jones		\$6,738.20	\$18,109.86		
Kinney	\$1,908.24	\$45,327.51	\$26,764.95	\$5,504.43	
Kleberg	\$281,642.04	\$290,000.07	\$117,579.92	\$430,412.41	\$308,827.68
Lamar	\$107,928.58		\$264,990.07	\$178,262.56	\$290,550.97
Medina	\$233,000.77	\$434,515.62	\$183,013.20		
Montague	\$51,519.19	\$176,366.81	\$91,774.39		
Morris	\$14,845.27	\$45,577.27			
Red River			\$38,579.89	\$10,115.53	
San Patricio	\$352,043.51	\$181,798.25			
Somervell	\$136,055.80	\$203,878.19			
Trinity		\$58,621.61	\$91,538.06	\$167,282.53	\$48,526.21
Zavala					\$147,684.90
TOTALS	\$7,700,000.00	\$5,586,046.07	\$5,149,284.06	\$4,141,201.92	\$2,604,109.82

Source: County Indigent Health Care Program, Texas Department of State Health Services, 2007. Counties may qualify for state assistance funds when they exceed 8% of the county's general revenue tax levy (GRTL) for basic and DSHS-established optional health care services provided to eligible county residents.

Basic and Optional County Indigent Health Care Services

County programs must provide a set of basic health care services. The county has the discretion to provide additional optional services with the approval of the Texas Department of State Health Services (TDSHS). All services must be medically necessary. The basic and optional services are listed below.

Basic Health Care Services

Counties must provide these basic health care services:

- Immunizations
- Medical screening services
- Annual physical examinations
- Inpatient hospital services
- Outpatient hospital services, including hospital-based ambulatory surgical center services
- Rural health clinics
- Laboratory and x-ray services
- Family planning services
- Physician services
- Payment for not more than three prescription drugs per month, and
- Skilled nursing facility services

Optional Health Care Service

A county may elect to provide DSHS-established optional health care services:

- Ambulatory Surgical Centers (freestanding)
- Diabetic and colostomy medical supplies and equipment
- Durable medical equipment
- Home and community health care services
- Psychotherapy services provided by a licensed clinical social worker (LCSW), licensed marriage family therapist (LMFT), licensed professional counselor or a PH.D. psychologist
- Physician assistant services
- Advanced practice nurse (a nurse practitioner, a clinical nurse specialist, a certified nurse midwife [CNM], or a certified registered nurse anesthetists [CRNA]) services
- Dental care
- Vision care, including eyeglasses
- Federally qualified health center (FQHC) services
- Emergency medical services

APPENDIX D:

RURAL HEALTH STUDIES

Section 106.026(b) of Senate Bill 115 (77) states that ORCA's Biennial Report to the Legislature include, "information from each university, medical school, rural community, or rural health care provider that has performed a study relating to rural health care during the biennium."

Non-emergency Medical Transportation in State Children's Health Insurance Programs (SCHIP). Borders, S. Blakely, C., Raphael, D., and Conklin, M. (Oct. 2006). College Station, TX: The Texas A&M University System Health Science Center, School of Rural Public Health, The Southwest Rural Health Research Center.

Changing Medicaid Spending on Nursing Home Care from 2000 to 2002: Investigating the Impact of Reimbursement Rate Changes on Rural Nursing Homes and Their Residents. Philips, C.D., Chen, M., and Hawes, C. (2006). College Station, TX: The Texas A&M University System Health Science Center, School of Rural Public Health, Southwest Rural Health Research Center.

The State of Rural Hospital Nursing and Allied Health Professional Shortages. Gamm, L., Alexander, J., Barron, K., and Piszczor, J. (2005). College Station, TX: Southwest Rural Health Research Center, School of Rural Public Health, Texas A&M University Health Science Center.

Community Health Worker (CHW) Certification and Training: A National Survey of Regionally and State-Based Programs. May, M., Kash, B., and Contreras, R. (May 2005). College Station, TX: The Texas A&M Health Science Center School of Rural Public Health, Southwest Rural Health Research Center.

A National Study Comparing Resident Medication Use in Rural and Non-rural Assisted Living Facilities. Zuniga, M.A., Barron, K.L., Hawes, C, Choi, M., Cooper, C., Phillips, C.D., Wilson, J. (2005). College Station, TX: Southwest Rural Health Research Center, School of Rural Public Health, Texas A&M Health Science Center.

Behavioral Risk Factors Among Rural African Americans

Research center: South Carolina Rural Health Research Center

Topics: African Americans, Health promotion and disease prevention, Substance abuse

Date: 2003

Discusses seat belt use, tobacco use, and alcohol use among rural African Americans.

Behavioral Risk Factors Among Rural Hispanics

Research center: South Carolina Rural Health Research Center

Topics: Health promotion and disease prevention, Hispanics, Substance abuse

Date: 2003

Discusses seat belt use, tobacco use, and alcohol use among rural Hispanics.

Breast and Cervical Cancer Screening: Is it Reaching Rural and Rural Minority Women?

Research center: Southwest Rural Health Research Center

Topics: Health promotion and disease prevention, Hispanics, Women

Date: 04 / 2003

Examines whether the Texas Breast and Cervical Cancer Control Program (BCCCP) is reaching rural women in general and rural minority women in particular. Findings indicate that Hispanic women, both in

rural and non-rural, are over-represented among BCCCP clients as compared to race/ethnicity specific cancer incidence and mortality. In contrast, within race/ethnicity groups, Anglo women represent a higher proportion of the rural women being reached by the program. Findings also indicate that a severe shortage of local providers to contract with the program in rural Texas has been and will continue to be a major limitation. In addition, contracting requirements can be a burden and an obstacle to potential providers. Concludes that there is a need in Texas to target specific rural areas based on the incidence and mortality experience of the population. To accomplish this, the contracting process needs to be made more flexible to enable small providers, reimbursement rates may need to be raised, and administrative burdens may need to be lessened.

Delivering the U.S. Preventative Services Task Force Recommendation in a Rural Health Plan

Author(s): Alycia Infante, Michael Meit

Research center: Walsh Center for Rural Health Analysis

Topics: Health promotion and disease prevention, Health services

Report Number: Research Brief, W Series No. 8

Date: 02 / 2007

Explores the challenges that one health plan faces in delivering the U.S. Preventive Services Task Force (USPSTF) recommendations to its rural patient population.

Development of a Methodology for Assessing the Effect of a Lay Home Visitation Program for Rural High-Risk Women and Infants

Author(s): Elizabeth A. Erkel, Charity G. Moore, Yvonne Michel

Research center: South Carolina Rural Health Research Center

Topics: Health promotion and disease prevention, Maternal and child health, Women

Date: 02 / 2004

This pilot study successfully demonstrated that a retrospective, population-based, comparative design is a feasible method for evaluating the effectiveness of a community health worker program for women at risk for poor pregnancy and birth outcomes. Executive summary available online.

Evaluation of the U.S. Preventative Services Task Force Recommendation for Clinical Preventative Services

Author(s): Alycia Infante, Michael Meit, Thomas Briggs, Caitlin Oppenheimer, Jennifer Benz

Research center: Walsh Center for Rural Health Analysis

Topics: Health promotion and disease prevention, Health services

Report Number: Final Report

Date: 02 / 2007

Reports findings addressing the adoption, integration, delivery, and dissemination of the U.S. Preventive Services Task Force (USPSTF) recommendations for clinical preventive services in different types of health plans.

Heavy And Binge Drinking In Rural America: A Comparison Of Rural And Urban Counties From 1995/1997 Through 1999/2001

Author(s): J. Elizabeth Jackson, Mark P. Doescher, L. Gary Hart

Research center: WWAMI Rural Health Research Center

Topics: Health promotion and disease prevention, Substance abuse

Report Number: Working Paper No. 95

Date: 02 / 2005

Assesses the prevalence of, and recent trends in, alcohol use among adults 18 years and older in rural areas of the United States. It uses a random digit telephone survey method to gather information on alcohol use among adults in 49 states and the District of Columbia that participated in the Behavioral Risk Factor Surveillance System. The paper finds that heavy drinking was highest and increasing in urban areas, but that binge drinking was greater in rural areas. It recommends tailoring interventions specifically to meet the needs of rural residents. Report available upon request by contacting rhrc@fammed.washington.edu.

Influence of Rural Residence on the Use of Preventative Health Care Services

Author(s): Michelle M. Casey, Kathleen Thiede Call, Jill Klingner

Research center: Minnesota Rural Health Research Center

Topics: Health promotion and disease prevention, Rural statistics and demographics

Date: 11 / 2000

Study of the utilization of specific preventive health care services by rural women and men, and to assess the impact of rural residence, the availability of health care providers and technology, demographic factors, and health insurance status on the likelihood of obtaining the following preventive health care services: blood pressure screening, cholesterol screening, colon cancer screening, Pap smears, mammograms, flu shots, and pneumonia vaccinations.

National Study of Obesity Prevalence and Trends by Type of Rural County

Author(s): J. Elizabeth Jackson, Mark P. Doescher, Anthony F. Jerant, L. Gary Hart

Research center: WWAMI Rural Health Research Center

Topics: Health promotion and disease prevention, Obesity

Citation: Journal of Rural Health, 21(2), 140-148

Date: 2005

To estimate the prevalence of and recent trends in obesity among US adults residing in rural locations, the authors analyzed data from the Behavioral Risk Factor Surveillance System for 1994-1996 and 2000-2001 and found that in 2000-2001 the prevalence of obesity was 23.0% for rural adults and 20.5% for their urban counterparts, representing increases of 4.8% and 5.5%, respectively, since 1994-1996. The highest obesity prevalence occurred in rural counties in Louisiana, Mississippi, and Texas; obesity prevalence increased for rural residents in all states but Florida over the study period. African Americans had the highest obesity prevalence of any group, up to 31.4% in rural counties adjacent to urban counties.

Obesity Prevalence In Rural Counties: A National Study

Author(s): J. Elizabeth Jackson, Mark P. Doescher, Anthony F. Jerant, L. Gary Hart

Research center: WWAMI Rural Health Research Center

Topics: Health promotion and disease prevention, Obesity, Rural statistics and demographics

Report Number: Working Paper No. 87

Date: 01 / 2004

Using a random-digit telephone survey of adults aged 18 and older residing in states participating in the Behavioral Risk Factor Surveillance System in 1994-96 and 2000-2001, researchers found that the prevalence of obesity was 23 percent for rural adults and 20.5 percent for urban adults. This finding represents increases of 4.8 percent and 5.5 percent, respectively. The highest obesity prevalence occurred in rural counties of Mississippi, Texas, and Louisiana. Only Rhode Island and Colorado had rural counties that met the Healthy People 2010 goal of a maximum of 15 percent obese for adults. Report available on request.

Prevalence and Trends in Smoking: A National Rural Study

Author(s): Mark P. Doescher, J. Elizabeth Jackson, Anthony Jerant, L. Gary Hart
Research center: WWAMI Rural Health Research Center
Topics: Health promotion and disease prevention, Minority health, Substance abuse
Citation: Journal of Rural Health, 22(2), 112-118
Date: 2006

Reports the results of a study to estimate the prevalence of and recent trends in smoking among adults by type of rural location and by state.

Prevalence of Health Related Behavioral Risk Factors Among Non-Metro Minority Adults

Author(s): P. Daniel Patterson, Charity G. Moore, Janice C. Probst, Michael E. Samuels
Research center: South Carolina Rural Health Research Center
Topics: Health promotion and disease prevention, Minority health, Substance abuse
Date: 08 / 2003

Data on tobacco use, seat belt use, and alcohol consumption among rural minority adults. Includes recommendations and detailed data tables.

Race and Place: Urban-Rural Differences in Health for Racial and Ethnic Minorities

Author(s): Rebecca T. Slifkin, Laurie J. Goldsmith, Thomas C. Ricketts,
Research center: North Carolina Rural Health Research and Policy Analysis Center
Topics: AIDS and HIV, Chronic diseases and conditions, Health disparities, Health promotion and disease prevention, Minority health
Date: 03 / 2000

This findings brief investigates urban-rural disparities for racial and ethnic minorities in six health areas: infant mortality, cancer screening and management, cardiovascular disease, diabetes, HIV infection, and child and adult immunizations.

Rural Healthy People 2010: A Companion Document to Healthy People 2010. Volume 1

Author(s): Larry D. Gamm, Linnae L. Hutchison, Betty J. Dabney, Alicia M. Dorsey, eds.
Research center: Southwest Rural Health Research Center
Topics: Health promotion and disease prevention, Public health
Date: 2003

Brief overviews of the top rural health concerns and objectives associated with Healthy People 2010 focus areas, references to key literature about these concerns, and descriptions of models for practice that rural communities can draw upon to achieve key Healthy People 2010 objectives.

Rural Healthy People 2010: A Companion Document to Healthy People 2010. Volume 3

Author(s): Larry D. Gamm, Linnae L. Hutchison, eds.
Research center: Southwest Rural Health Research Center
Topics: Health promotion and disease prevention, Health services, Long term care, Physical abuse and domestic violence, Public health
Report Number: Updated February 2005
Date: 04 / 2004

Includes the overview of research and accompanying models for practice on 5 new focus areas in Rural Healthy People 2010, along with the more detailed literature reviews for each. The focus areas are: Access to Quality Health Services in Rural Areas/Access to Long-term Care; Educational and Community-based Programs in Rural Areas; Immunizations and Infectious Diseases in Rural Areas; Injury and Violence

Prevention in Rural Areas; and Rural Public Health Infrastructure.

Rural Minority Children's Access to and Timeliness of Immunizations (Fact Sheet)

Research center: South Carolina Rural Health Research Center

Topics: Children, Health promotion and disease prevention

Date: 2004

Examined whether rural children aged 3-71 months are keeping up with urban children in the receipt of needed vaccinations.

Rural Minority Children's Access To And Timeliness Of Immunizations: 1993-2001

Author(s): Arch G. Mainous III, Terrence E. Steyer, Mark E. Geesey

Research center: South Carolina Rural Health Research Center

Topics: Children, Health promotion and disease prevention, Minority health

Date: 11 / 2003

The purpose of this study is to assess the quality of pediatric health care provided to rural minorities using timeliness of immunization receipt as a marker for quality. Findings include: 1) Children living in rural areas are less likely to receive newly recommended vaccines within the first two years after introduction of the recommendation.; 2) There are no significant differences in the percentages of children up-to-date with their immunizations between Whites, Blacks, and Hispanics living in urban and rural areas.; 3) By 2001 lack of health insurance was the strongest predictor for children not receiving their immunizations in a timely manner.; 4) When using national surveys, there is significant year-to-year variation in the percentage of children who are up-to-date with their immunizations. Executive summary available online.

Trends in Professional Advice to Lose Weight Among Obese Adults, 1994-2000

Author(s): J. Elizabeth Jackson, Mark P. Doescher, Barry G. Saver, L. Gary Hart

Research center: WWAMI Rural Health Research Center

Topics: Health promotion and disease prevention, Obesity

Citation: Journal of General Internal Medicine, 20(9), 814-8

Date: 2005

The authors studied whether rising obesity prevalence in the U.S. was accompanied by an increasing trend in professional advice to lose weight among obese adults, and found that disparities in professional advice to lose weight associated with income and educational attainment increased from 1994 to 2000. They concluded that there is a need for mechanisms that allow health care professionals to devote sufficient attention to weight control and to link with evidence-based weight loss interventions, especially those that target groups most at risk for obesity.

Use of Preventive Services Among Hispanic Sub-Groups: Does One Size Fit All?

Author(s): Myriam E. Torres, Jessica D. Bellinger, Janice C. Probst, Nusrat Harun, and Andrew O. Johnson

Research center: South Carolina Rural Health Research Center

Topics: Cultural competency, Health promotion and disease prevention, Hispanics, Minority health

Date: 07 / 2007

The Hispanic population, the largest and fastest growing minority group in the nation, is generally underserved with regard to health services. This executive summary includes results from the exploration of the use of preventive health services among Mexicans, Puerto-Ricans, Cubans, and "other" Latinos (persons from

APPENDIX E:

Disaster Recovery Assistance for Hurricanes Katrina, Rita and Ike

Disaster Relief Shelters Assistance

From the regular CDBG funding, ORCA's immediate response for disaster recovery related to Hurricane Katerina in 2005 was to create a \$430,000 special fund to assist communities providing emergency shelters for evacuees. The improvements funded have been completed and improved shelters are available to use during a disaster to accommodate evacuees.

Grants from the program provided a maximum of \$50,000 per shelter for improvements and renovations, including water/wastewater improvements, plumbing, restroom facilities, electrical and heating, ventilating and air conditioning. Funding was provided on a "first-come, first-serve" basis with priority given to applicants within Texas planning regions contiguous with the Texas-Louisiana border, including Ark-Tex Council of Governments (COG), East Texas COG, Deep East Texas COG and South East Texas Regional Planning Commission. The cities of Bonham, Crockett, Browndell, Jasper, Nacogdoches, West Orange, and Hemphill and Jefferson County received funding from the special shelter program.

Disaster Recovery Supplemental Assistance Funding

In 2007 and 2008, ORCA continued to administer CDBG supplemental disaster recovery funding awarded to communities to address damages sustained as a result of Hurricanes Katrina and Rita. Of the \$500 million received by Texas, ORCA administered the non-housing portion of the funds to address critical infrastructure needs. The Texas Department of Housing and Community Affairs (TDHCA) administered the disaster recovery supplemental funding allocated for housing assistance.

Disaster Recovery Supplemental Funding – Round I

The initial Disaster Recovery Supplemental Funding was allocated among the four affected COGs based on the greatest documented need and the most distressed areas as identified by the COGs as follows:

COG Region	# Counties in COG	Non-Housing Allocation
SETRPC	3	\$12,468,656
DETCOG	12	\$13,278,209
H-GAC	8	\$4,011,720
ETCOG	6	\$2,099,998
TOTAL:	29	\$31,858,583

Counties Eligible for Hurricane Rita Disaster Recovery Assistance



- ◆ Deep East Texas Council of Governments
- ◆ East Texas Council of Governments
- ◆ South East Texas Regional Planning Commission
- ◆ Houston-Galveston Area Commission

From these funds, ORCA supported communities with debris removal activities, road and bridge reconstruction, water and sewer facility improvements, floodplain buyouts, emergency shelters and generators. A total of eight shelters were repaired, renovated or constructed with ORCA's Disaster Relief Supplemental Funds.

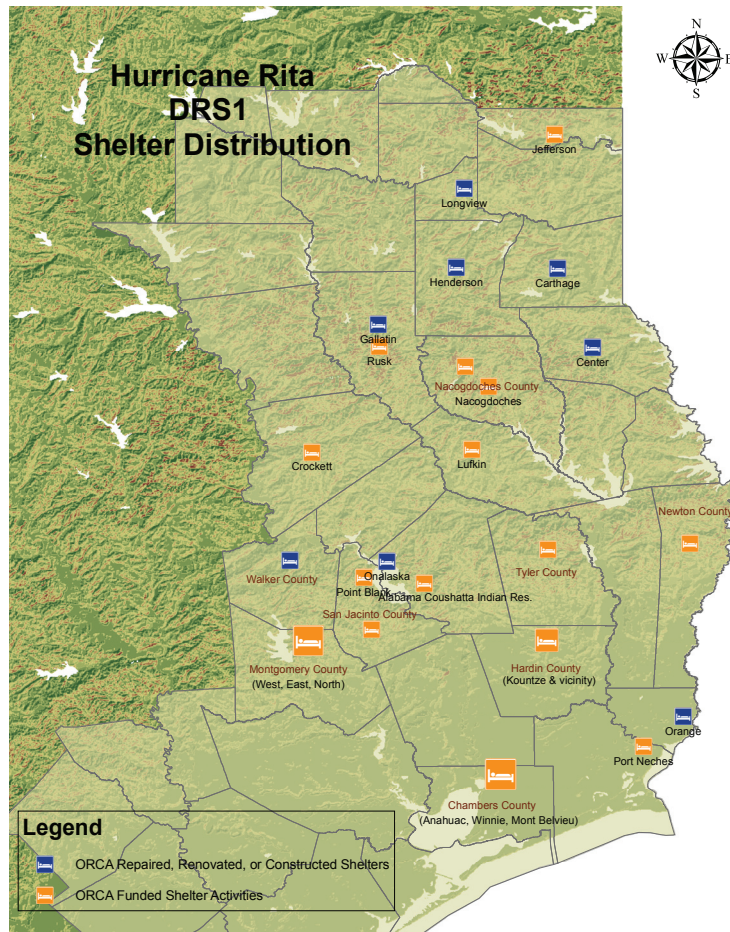
Shelter Locations and Project Descriptions

Location	Project Brief
Carthage	Converted a 44,000 sq.ft. city-owned facility located on the Gulf Coast evacuation route into a public Community Shelter.
Center	Funds contributed to engineering costs toward the construction of a 24,789 s.f. concrete dome shelter located along a hurricane evacuation route.
Gallatin	Repaired and renovated the Civic Center, which serves as a community shelter, at 924 S. Chandler including roofing, siding and bathrooms.
Henderson	Funds purchased and installed an 80kw generator and provided engineering expenses for a new 25,367 s.f. shelter facility to be built one mile west of U.S. Highway 259 on Hwy. 64 at Lake Forest Park.
Longview	Made improvements to the Longview Primary Evacuation Shelter located at 1123 Jaycee Drive including shower facilities, permanently affixed laundry area and improvements to the commercial-quality kitchen facilities.
Onalaska	Created an emergency shelter by enclosing 12 X 16 ft. covered area adjoining the city's Fire Station and installing air conditioning and storage compartments for evacuees' personal items.
Walker County	Funds contributed to the construction of a 14,400 s.f. shelter to house approximately 1,200 people.
Orange	Funds contributed to the construction of a community center building.

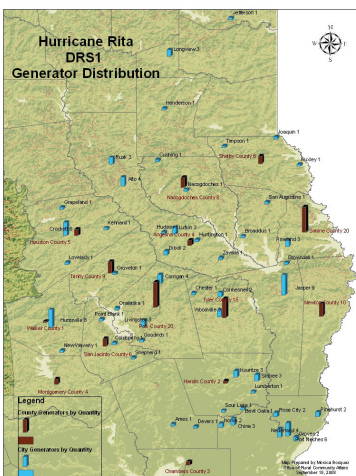
ORCA also supported communities by providing funding for generators, bath facility improvements, and other necessary permanent fixtures to make an additional 15 shelters more functional.

In addition to providing shelters, ORCA's Disaster Recovery Supplemental Funds also helped communities maintain essential services in a time of crisis by funding the purchase and/or installation of 226 generators to 67 communities across Southeast Texas.

ORCA has received reports from communities indicating that these generators served to be of significant value during the immediate aftermath of Hurricane Ike, which hit the southeast Texas Gulf Coast in September 13, 2008. Communities reported that these generators provided necessary power to operate water and sewer facilities and provide other essential services.



Contracts awarded to communities under the Disaster Recovery Supplemental Funding Round I are expected to be completed by the end of November 2008 with all funds to be expended by the early part of January 2009.



ORCA plans to develop a special report related to the disaster recovery funding that will highlight the results of the funding and identify strategies that can be duplicated or developed for current and future disaster recovery programs.

Newly developed strategies have already been rolled out with the efforts being made to address the recovery of communities as a result of Hurricane Ike.

These are further discussed under the Hurricane Ike discussion provided in the section *Hurricane Ike Hits the Southeast Texas Coast September 13, 2008*.

Disaster Relief Supplemental Funds in Response to Hurricane Rita - Round II

In addition to the first round of disaster recovery supplemental funding, ORCA distributed \$42 million in non-housing funding for critical infrastructure to eight additional grantees as provided below. Funded activities range from the restoration of the only emergency care hospital in Orange County to the repair or replacement of 20+ bridges to wide ranging debris removal and drainage clearance activities.

The locations and project descriptions of these grants are as follows:

Location	Project Brief	Award Date	Award
Memorial Hermann Baptist Orange Hospital	Acquire and install a CT Scan for use in the hospital. Complete demolition and perform rehabilitation of the "Old Tower" to include site work, window replacement, stucco re-skin, installation of a service / staff elevator, build out of central supply and PFT, new electrical ACT, fire protection, finishes, HVAC, and associated appurtenances. Such work to include remediation for lead based paint, asbestos, and mold.	10/11/07	\$6,000,000.00
Hardin County	Address hurricane flood debris issues throughout the county including drainage ditches, streams, and bayous which includes the Pine Island Bayou that is within the Big Thicket National Park. Provide a study to the National Park Service (NPS) of the types of debris in the Pine Island Bayou and the effects removing such debris may have on the ecosystem within the park.	10/11/07	\$10,000,000.00
Bridge City	Construct a new water tower located on Rachal Street. Replace traveling bridge mechanisms, and associated appurtenances at wastewater treatment plant on Bower Drive. Clean storm sewers and restore them to full capacity, eliminate roadside ditches and replace with larger underground storm drains along with improvements to the outfall ditches, and associated appurtenances on Texas Avenue (State Highway 87) and on Ferry Drive	11/08/07	\$3,800,000.00
Jefferson County	Replace eight county bridges damaged by Hurricane Rita's fast moving water laden with tree limbs, trunks, and other debris.	03/24/08	\$4,750,000.00
Tyler County	Replace and/or elevate eleven bridges, five drainage structures, and two headwalls impacted by Hurricane Rita. Remove and dispose of debris clogging the drainage structures of Tyler County.	03/24/08	\$4,994,540.00
Lumberton	Acquire 21,200 l.f. of drainage easements, clear easements and construct two detention ponds and drainage channels to control flood waters entering from Boggy Creek and Village Creek. In addition, the city will develop a comprehensive Drainage Study.	03/24/08	\$5,000,000.00

Location	Project Brief	Award Date	Award
Silsbee	Clean out and shape three drainage channels to include clearing and grubbing, shape and concrete line the drainage channels, culvert replacement, drain inlets, seeding and purchase of right-of-way. Construction to take place on Maxwell to Durdin, Lee Miller to FM 418 and Dearman to State Highway 327.	03/24/08	\$4,895,000.00
J a s p e r County	Replace seven bridge structures located at CR 138, CR 140, CR 139, CR 269, CR 419, CR 468, and CR 480. Remove and dispose of debris clogging the drainage structures located at Trout Creek and Gum Slough. Acquire a 50 tract ROW for debris removal, and a 4 acre ROW for bridges.	03/24/08	\$2,560,460.00
Total Awards:			\$42,000,000.00

These projects are well underway, with several communities in the construction phase, proceeding with procurement processes or addressing special clearances required by the Corp of Engineers, Texas Historical Commission, and the Texas Department of Transportation.

Hurricane Ike Hits the Southeast Texas Coast September 13, 2008

On October 21, 2008, Governor Rick Perry reported that Hurricane Ike did at least \$11 billion in damage to the State of Texas. Governor Perry further reported that more than 700,000 households had registered for individual assistance and more than \$250 million had been disbursed to individuals. Schools, hospitals, critical private and nonprofit organizations, local jurisdictions, and utilities were among those that sustained financially crippling damages.

Below is a list of the counties impacted by Hurricane Ike as of October 2008. Some of these same areas had already been impacted by Hurricanes Katrina and Rita.

Counties affected by Hurricane Ike:

Angelina	Galveston	Jefferson	Newton	Trinity
Austin	Grimes	Liberty	Orange	Tyler
Brazoria	Hardin	Madison	Polk	Walker
Chambers	Harris	Matagorda	Sabine	Waller
Cherokee	Houston	Montgomery	San Augustine	Washington
Fort Bend	Jasper	Nacogdoches	San Jacinto	

The State of Texas is expected to receive CDBG disaster recovery supplemental funding from the U.S. Department of Housing and Urban Development to address damages sustained by Hurricane Ike. In preparation of long-term recovery efforts, ORCA has taken a proactive approach to assist areas devastated by Hurricane Ike as follows:

- ORCA is participating in the Housing Task Force for Hurricane Ike recovery efforts and has been involved with the Hurricane Ike disaster response efforts at the State Operations Center (SOC) and at the Joint Field Office (JFO) established by FEMA.
- ORCA has established a new Disaster Recovery Division to continue to manage Hurricane Rita/Katrina disaster recovery funding, anticipated funding for Hurricane Ike and any future disaster related funding. The division will be charged with developing program strategies designed to provide funding in an expeditious manner, while at the same time incorporating a high level of oversight to avoid financial and compliance risks. The division will be staffed with experienced CDBG leadership and staff with Rita-Katrina disaster grant experience.
- The envisioned new approach provides communities with up-front technical assistance and assistance in determining more accurate damage assessments to reflect actual needs and identifying priorities for projects that may be eventually funded with TxCDBG disaster recovery funding.
- To start the process, the ORCA Governing Board on Oct. 2, 2008 allocated \$1 million of deobligated CDBG funds in support of establishing the new division and the hiring of an engineering firm to provide technical assistance of CDBG compliance areas and assist communities in completing damage assessments to begin the process of prioritizing projects for Hurricane Ike disaster recovery assistance. ORCA has received and scored the responses to the RFP for the engineering services and is preparing to award the contract to the successful firm.
- Action Plan development has started along with hiring additional staff for the disaster recovery division.
- Continued review of on-going infrastructure activities and their benefits to the communities.
- Actively seeking feedback and collaboration with affected Southeast Texas communities.
- ORCA is initiating a new approach in the delivery of services by initiating an Ike related RFP for engineering services for project design and project management to expedite funding and minimize risks in the compliance areas.

Nationally, ORCA has been working with the CDBG advocate agency the Council of State Community Development Agencies (COSDA), including working with nine other disaster impacted states, to develop several proposed amendments to 42 U.S.C. Sec. 5321, "Suspension of requirements for disaster areas" related to title IV of the Robert Stafford Disaster Relief and Emergency Assistance Act [42 U.S.C. 5170 et seq.]

Changes to the Act would assist communities in areas such as suspending labor standards for 12 months from the date of the disaster; eliminating match requirements for all sources of disaster funding; and requiring the Army Corp of Engineers and other federal permitting agencies to prioritize projects in a disaster area.

Through its extensive network and relationships with city and county officials and COGs, ORCA continues to be a key agency involved in providing disaster recovery assistance to rural and small communities throughout Texas. ORCA provides daily technical assistance through its Austin headquarters and field offices to recipients of ORCA's grants, their engineers and consultants who work with rural communities.

Rural Health Disaster Relief and Recovery Grant Program

Hurricane Katrina seriously crippled area healthcare infrastructure to which ORCA responded with the development of a \$420,000 Rural Health Disaster Relief and Recovery Grant (RHDRG) Program. The program offered capital improvement assistance for impacted rural hospitals and clinics.

The RHDRG provided grants ranging from \$3,040 to \$101,000 which, depending on the type of facility (hospital, clinic, etc.), could be used for emergency acquisition, construction, repair or improvement of facility or equipment for the purpose of providing relief to or recovery from a natural disaster; pharmaceuticals and medical supplies; infection control supplies; first-aid and life-saving equipment and supplies for use in first-response activities; emergency capital, electronic or communication equipment; and/or emergency dietary supplies.

By November 8, 2007, after having received more than \$870,000 in application requests, ORCA had awarded 20 grants from the special program to rural medical facilities listed below.

County	Awardee	Award
Chambers	Chambers County Public Hospital District #1 (Bayside Clinic) in Anahuac	\$17,818
	Chambers County Public Hospital District #1 (Bayside Community Hospital) in Anahuac	\$60,000
	Winnie Community Hospital in Winnie	\$30,000
Harrison	Marshall Health Clinic in Marshall	\$3,040
Jasper	CHRISTUS Jasper Family Practice Clinic in Jasper	\$10,000
	CHRISTUS Kirbyville Family Practice Clinic in Kirbyville	\$10,000
	CHRISTUS Jasper Memorial Hospital in Jasper	\$25,000
	CHRISTUS Rayburn Family Practice Clinic in Rayburn	\$10,000
	Dickerson Memorial Hospital in Jasper	\$25,000
	Complete Health Care Services (Clinic) in Jasper	\$10,000
	Buna Medical Clinic in Buna	\$9,000
	Family Healthcare Clinic in Kirbyville	\$10,000
Liberty	Liberty-Medical Rural Health Clinic in Liberty	\$10,000
Newton	Family Healthcare Clinic Newton	\$10,000
Orange	Baptist Hospitals of Southeast Texas in Orange	\$25,000
Rusk	Henderson Memorial Hospital in Henderson	\$24,450
Rusk	HMH Family Health Clinic in Henderson	\$9,900
Sabine	Sabine County Hospital District in Hemphill	\$101,000
Tyler	Tyler County Hospital Rural Health Clinic in Woodville	\$5,000
Tyler	Tyler County Hospital in Woodville	\$14,792
Total All 20 RHDRG Awards:		\$420,000

The RHDRG program was funded from both interest accrued on the state's Tobacco Endowment Funds and the agency's federally-funded State Office of Rural Health Grant.

SUMMARY

Texas Rural Foundation

Presented by Charlie Stone*

DISCUSSION

The Board retained *Greenlights* to proceed with the review and recommendations for “next steps” that the Texas Rural Foundation could implement for success. The assigned staff for this project, Katy Bourgeois and Tara Kirkland presented their final recommendations and wrapped up their report at the ORCA Board workshop meeting that was held on November 24th. Their report focused on areas of highest importance that the Board should formally consider implementing to successfully launch and activate the TRF:

1. Appointments to the TRF Board -- Agenda item B. 1 (a)
2. Proposed budget for the TRF -- Agenda item B. 1 (b)
3. Plan of action -- Agenda item B. 1 (c)

Copies of information related to the three items above are attached behind this executive summary sheet

RECOMMENDATION

The Board should consider and take appropriate action on the three areas listed above which coincide with specific agenda items.

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.**

Texas Rural Foundation
Board Profile Worksheet

Attribute/Characteristic	<i>David Pearson</i>	<i>Boone Pickens</i>	<i>Frank Glass</i>	<i>Howard Kruse</i>	<i>Ed Kruse</i>	<i>Beth Sturgeon</i>	<i>Fred Koch</i>	<i>Jeff Moody</i>	<i>Brian Daniels</i>	<i>Eujanie Daniels</i>	<i>Carolyn Henry</i>	<i>Rick Rhodes</i>
Resources												
Money to give		X	X	X	X	X	X	X		X		
Access to money/prospective contributors	X	X	X	X	X	X	X	X	X	X	X	X
Access to other resources	XX	X	X			X	X	X	X	X	X	X
Availability for active participation is raising money (solicitation visits, grant writing)	X	X	X									
Community Connections												
Statewide foundations	X							XX				
Financial Institution												
Regional foundations												
Towns under 5,000 in population	X	X	X	X	X	X	X			X	XX	X
Rural Regional Government representative												X
Rural community resident		X	X	X	X	X	X		X	X	X	
County Government representative												
Large business/corporation with rural presence	X			X	X		X			XX		
State Government representative									X			X
State University												
Community College												
Locally owned rural business	X			X	X					X		
Student/Youth Association												
Trade Assoc. w/ members in rural communities	XX											
Qualities												
Leadership skills	XX	X	X					XX	X	X	X	X
Willingness to work	X	X	X									
Personal connection with TRF's mission	X			X	X							
Visionary		X	X	X	X	X	XX	X	X	X	XX	X

Texas Rural Foundation
Board Profile Worksheet

Attribute/Characteristic	<i>David Pearson</i>	<i>Boone Pickens</i>	<i>Frank Glass</i>	<i>Howard Kruse</i>	<i>Ed Kruse</i>	<i>Beth Sturgeon</i>	<i>Fred Koch</i>	<i>Jeff Moody</i>	<i>Brian Daniels</i>	<i>Eujanie Daniels</i>	<i>Carolyn Henry</i>	<i>Rick Rhodes</i>
Areas of expertise												
Admin/Management	X			X	X			X				
Entrepreneurship		X	X	X	X		X			X		
Financial Management	X			X	X			X				
Fundraising		X	X	X	X			XX		X	XX	
Government	X											
Law								XX				
Marketing/PR									X			X
Human Resources							X					
Strategic Planning	X	X	X					X	X		X	
Name Recognition/Celebrity		X										
Economic Development				X	X	X	X					X
Health Care	XX											
Technology	X						X					
Community Building							X	X	X	X	X	X
Gender												
Male	X	X	X	X	X		X	X	X			X
Female						X				X	X	
Race/Ethnicity												
African-American/Black												
Asian/Pacific Islander												
Caucasian	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic/Latino												
Native American/Indian												
Other												
X = QUALIFIED IN THESE AREAS												
XX = STRONGEST QUALIFICATIONS IN THESE AREAS												

Texas Rural Foundation
Board Profile Worksheet

<i>Travis Floyd</i>
XX
XX
XX

Texas Rural Foundation
Board Profile Worksheet

<i>Travis Floyd</i>
XX
XX
XX
XX
X
X
X
X
X

Draft Three Year Budget - Texas Rural Foundation														
	BUDGET DEVELOPED BY ORCA		Half time position -- work from home											
			FY 2009	FY 2010	FY 2011									
	<u>Expenditures</u>													
1	Personnel													
	Salary		35,000	36,000	37,000	See Notes below								
	FICA/Unemployment		2,678	2,754	2,831	at 7.65% for unemployment								
	Benefits		6,000	6,000	6,000	Assumes \$500 for employee-only medical per month								
	Subtotal, Personnel		43,678	44,754	45,831									
2	Contract Services/Consultants													
			9,000	9,000	9,000	Assumes \$750 a month for Greenlights Back Office or similar to manage payroll/bookkeeping.								
3	Rent													
			0	0	0	Assumes \$20/square foot for 1,000 square feet, with 2% increase per year								
4	Telecommunications													
			1,550	1,550	1,550									
5	Equipment													
			4,500	2,700	2,700	See notes below								
6	Postage													
			1,500	1,500	1,800									
7	Fees and Permits													
			500	500	500									
8	Insurance													
			500	550	600									
9	Travel													
			7,500	9,000	11,000									
10	Supplies													
			1,350	350	350	Assumes \$350 each year, plus \$1000 start-up supplies in 2009								
11	Copies and Printing													
			950	1,150	1,350									
12	Refreshments													
			600	700	800									
13	Reference Materials													
			750	750	750									
14	Contingency fund													
			10,000	12,000	15,000									
	Total Expenses		82,378	84,504	91,231									
Notes:														
	2009 Salary assumes .5 Executive Director at \$35,000 and assistance for ORCA staff													
	2010 Salary adds a slight pay raise													
	2011 Salary adds another slight pay raise													
2009 Equipment includes estimated costs for 1 computers, 1 telephone, 1 cell phone, 1 copier/fax +1500 budget for used office furnishings.														
2010 Equipment includes estimated cost for computer software upgrades and telephone, 1 cell phone and \$500 budget for used office furnishings														
2011 Equipment includes estimated cost for maintenance and licensing for computer and telephone, cell phone and \$500 budget for used office furnishings														
ORCA will provide administrative assistance for the three years with a 1/2 time employee. The value of this assistance is \$24,512.52 plus benefits per year.														

Draft Three Year Budget - Texas Rural Foundation														
	BUDGET DEVELOPED BY ORCA		Full time position with ORCA admin.											
			FY 2009	FY 2010	FY 2011									
	<u>Expenditures</u>													
1	Personnel													
	Salary		70,000	72,000	75,000	See Notes below								
	FICA/Unemployment		5,355	5,508	5,738	at 7.65%								
	Benefits		6,000	6,000	6,000	Assumes \$500 per month medical								
	Subtotal, Personnel		81,355	83,508	86,738									
2	Contract Services/Consultants													
			9,000	9,000	9,000	Assumes \$750 a month for Greenlights Back Office or similar to manage payroll/bookkeeping.								
3	Rent													
			0	0	0	Assumes \$20/square foot for 1,000 square feet, with 2% increase per year								
4	Telecommunications													
			1,550	1,550	1,550									
5	Equipment													
			4,500	2,700	2,700	See notes below								
6	Postage													
			1,500	1,500	1,800									
7	Fees and Permits													
			500	500	500									
8	Insurance													
			500	550	600									
9	Travel													
			12,000	14,000	16,000									
10	Supplies													
			1,525	1,050	1,400	Assumes \$350 per FTE each year, plus \$1000 start-up supplies in 2009								
11	Copies and Printing													
			950	1,150	1,350									
12	Refreshments													
			600	700	800									
13	Reference Materials													
			750	750	750									
14	Contingency fund													
			15,000	15,000	15,000									
	Total Expenses		129,730	131,958	138,188									
	Notes: 2009 Salary assumes 1 full time Executive Director at \$70K and ORCA admin. Support													
	2010 Salary with pay rise													
	2011 Salary with raise													
	2009 Equipment includes estimated costs for 1 computers, 1 telephones, 1 cell phone, 1 copier/fax +1500 budget for used office furnishings.													
	2010 Equipment includes estimated cost for computer software, telephone, 1 cell phone and \$500 budget for used office furnishings													
	2011 Equipment includes estimated cost for computer maintenance and licensing and telephone, 1 cell phone and \$500 budget for used office furnishings													
	ORCA will provide administrative assistance the three years with a 1/2 time employee. The value of this assistance is \$24,512.52 each year plus benefits.													

**Office of Rural Community Affairs
Targeted Assessment of Texas Rural Foundation
Draft Action Plan
November 24, 2008**



Action Step	Person/ Group Responsible	Target Deadline
TRF Board Recruitment		
<ul style="list-style-type: none"> • Adopt a Board matrix that defines the affiliations, skill sets and/or representations that would be advantageous on the Board. 	ORCA Board	November 24, 2008
<ul style="list-style-type: none"> • Prepare written board member job descriptions and develop procedures for orienting individuals to serving on a nonprofit Board of Directors. (Resource suggestion: Greenlights' Board Primer) 	ORCA Staff	
<ul style="list-style-type: none"> • Using the Matrix as a guide, appoint a Board of Directors that is passionate about reinvigorating rural communities and is willing to actively participate in fund development activities, including the identification and solicitation of potential funding partners. 	ORCA Board	
Human Resources		
<ul style="list-style-type: none"> • Prepare job descriptions and compensation packages for Executive Director and Administrative Assistant positions. 	ORCA Executive Director	
<ul style="list-style-type: none"> • Hire a dynamic and engaged executive director. If feasible, use part-time administrative assistance provided by ORCA staff. 	ORCA Board	
Planning/Project Selection		
<ul style="list-style-type: none"> • Develop and adopt clear and compelling vision & mission statements that expresses the purpose for TRF's existence 	ORCA Board propose TRF Board adopt /amend	November 24, 2008

Action Step	Person/ Group Responsible	Target Deadline
<ul style="list-style-type: none"> Identify and adopt 3-5 concrete goals that will guide the Rural Foundation in identifying and approving projects 	ORCA Board propose TRF Board adopt/amend	November 24, 2008
<ul style="list-style-type: none"> Define objective statements for each of the goals. Objectives should indicate specific and measurable levels of achievement. 	TRF Board	
<ul style="list-style-type: none"> Identify a limited number of projects to initiate. 	TRF Board	
Finances		
<ul style="list-style-type: none"> Prepare/adopt preliminary annual budget 	ORCA Board propose TRF Board adopt/amend	November 24, 2008
<ul style="list-style-type: none"> Estimate revenue requirements for first 3 years of operational costs. 	ORCA Board propose TRF Board adopt/amend	
<ul style="list-style-type: none"> Consider allocating a portion of ORCA funds to provide matching money to TRF. 	ORCA Board	
Fundraising		
<ul style="list-style-type: none"> Identify those corporations or rural businesses that are most likely to benefit from the goals and projects established during planning. 	TRF Board TRF Executive Director	
<ul style="list-style-type: none"> Research possible foundation partners through accessible directories and resources. 	TRF Board TRF Executive Director	

2008 Texas Capital Fund Infrastructure and Real Estate Awards

1st Round (3/31/08)

Community	County	Business	Award	Total Proj	Type	Jobs
Olney	Young	Air Tractor, Inc.-airplane manufacturer	\$750,000	\$3,500,000	RE	41
Alvarado	Johnson	Sabre Communications, Inc-tower manufacturer	\$750,000	\$30,000,000	Infra	51
Culberson County	same	Royal Farms-farming (hay) operation	\$75,000	\$235,000	Infra	3
Driscoll	Nueces	Zeba, Inc.-travel center & convenience store	\$209,900	\$1,900,000	Infra	14
Sunnyvale	Dallas	Millard Refrigeration Services, Inc.-cold storage warehouse	\$750,000	\$49,000,000	Infra	70
Little Elm	Denton	Retractable Technologies, Inc.-medical supply manufacturer	\$750,000	\$3,000,000	Infra	38
			\$3,284,900	\$87,635,000		217

2nd Round (6/9/08)

Community	County	Business	Award	Total Proj	Type	Jobs
Hillsboro	Hill	DW Distribution, Inc.-distribution ctr for bldg products	\$750,000	\$9,000,000	Infra	52
Nixon	Gonzales	Holmes Foods, Inc.-poultry processor	\$750,000	\$4,700,000	Infra	38
			\$1,500,000	\$13,700,000		90

3rd Round applications currently in review process (9/9/08)

Community	County	Business	Request	Total Proj	Type	Jobs
Gilmer	Upshur	Duoline Technologies, Inc.-oil well pipe manufacturer	\$543,600	\$18,000,000	Infra	46
Giddings	Lee	Sonya Hotel, LLC-hotel	\$200,000	\$3,510,000	Infra	8
Pecos City	Reeves	Pecos Lodging Group, Inc.-hotel	\$268,200	\$6,000,000	Infra	18
Port Lavaca	Calhoun	AMAL Hospitality, LLC-hotel	\$224,900	\$5,900,000	Infra	15
			\$1,236,700	\$33,410,000		87

Year to date grand total: \$6,021,600 \$134,745,000 394

4th Round applications due 12-2-08 (est. amount available = \$3.4MM)

**2008 TCF
Downtown Revitalization Program & Main Street Improvements Program**

Downtown Revitalization Program awards

Community	County	Business	Award	Match	Total Proj
Crosbyton	Crosby	Downtown Revitalization Program	\$150,000	\$45,200	\$195,200
Floydada	Floyd	Downtown Revitalization Program	\$150,000	\$104,000	\$254,000
Plains	Yoakum	Downtown Revitalization Program	\$150,000	\$72,300	\$222,300
Bogota	Red River	Downtown Revitalization Program	\$150,000	\$45,000	\$195,000
Daingerfield	Morris	Downtown Revitalization Program	\$150,000	\$45,000	\$195,000
Dimmitt	Castro	Downtown Revitalization Program	\$150,000	\$17,500	\$167,500
Jefferson	Marion	Downtown Revitalization Program	\$150,000	\$45,000	\$195,000
Eorena	McLennan	Downtown Revitalization Program	\$150,000	\$45,000	\$195,000
			\$1,200,000	\$419,000	\$1,619,000

Main Street Improvements Program applications pending final approval

Community	County	Business	Request	Match	Total Proj
Beeville	Austin	Main Street Improvements	\$150,000	\$45,000	\$195,000
Clarksville	Red River	Main Street Improvements	\$150,000	\$45,000	\$195,000
Pilot Point	Denton	Main Street Improvements	\$150,000	\$45,000	\$195,000
Winnsboro	Wood	Main Street Improvements	\$150,000	\$45,000	\$195,000
			\$600,000	\$90,000	\$390,000

Texas Capital Fund

2009 Main Street & Downtown Revitalization Program Changes

TIMELINE

- 10/3/08 Presentation to ORCA Board seeking approval to publish revised proposed changes.
- 11/14/08 Proposed rules published in the *Register*. This begins the required formal 30 day comment period.
- 11/19/08 Conducted public meeting to take oral comment.
- 12/11/08 ORCA Board meeting-status update report.
- 12/14/08 Formal comment period ends.

2008 Texas Capital Fund Infrastructure and Real Estate Awards

1st Round (3/31/08)

Community	County	Business	Award	Total Proj	Type	Jobs
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Texas Capital Fund

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- 12/14/08 Formal comment period ends.

SUMMARY

ORCA / TDA Interagency Agreement

Presented by Mark Wyatt*

DISCUSSION

Pursuant to Section 487.352 of the Texas Government Code, the Office of Rural Community Affairs is provided the authority to enter into an interagency agreement with the Texas Department of Agriculture (TDA) “for providing on behalf of the office marketing, underwriting, and any other services on the portion of the federal community development block grant funds allocated by the office for economic development activities.”

The following interagency agreement would cover the Texas Capital Fund for Program Year 2009, which is from February 1, 2009 until January 31, 2010. Because HUD funding for the CDBG program has not been appropriated at this time, the agreement reflects estimates based on the current PY 2008 HUD allocation. As provided in the contract, actual amounts made available will be administratively adjusted upward or downward based on the PY 2009 CDBG award to the state of Texas.

RECOMMENDATION

Staff recommends authorizing the Executive Director to execute the interagency agreement on behalf of the Office of Rural Community Affairs.

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 Mark Wyatt at 512-936-6725 (mwyatt@orca.state.tx.us).**

**INTERAGENCY CONTRACT BY AND BETWEEN
THE TEXAS DEPARTMENT OF AGRICULTURE AND
THE OFFICE OF RURAL COMMUNITY AFFAIRS**

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

SECTION 1. PARTIES TO THE CONTRACT

This contract and agreement is made and entered into by and between the OFFICE of Rural Community Affairs, an agency of the State of Texas, hereinafter referred to as the “OFFICE” and the Texas Department of Agriculture, an agency of the State of Texas, hereinafter referred to as “TDA,” pursuant to the authority granted and in compliance with the provisions of the Interagency Cooperation Act, Chapter 771, Texas Government Code.

SECTION 2. PERIOD OF PERFORMANCE

This contract shall commence on February 1, 2009, and shall terminate on January 31, 2010, unless otherwise specifically provided by the terms of this contract.

SECTION 3. TDA PERFORMANCE

TDA shall, during the period of performance specified in Section 2 of this contract, in a complete and satisfactory manner as determined by the OFFICE, perform certain activities in relation to the Texas Capital Fund (TCF) which has been created by the OFFICE with funds received pursuant to its Community Development Block Grant (CDBG) awarded by the United States Department of Housing and Urban Development (HUD) under 42 U.S.C. §5301 *et seq.* TDA shall perform the following activities:

- A. Market the TCF program in accordance with the application guide and rules approved by the OFFICE and underwrite TCF loans;
- B. Prepare and execute contracts and related documents between TDA and the units of general local government to whom it awards TCF funds and notify the local governments, state legislators, and the OFFICE of the awards. Among others things, such contracts shall provide for the units of general local government that receive funding pursuant to this contract to send TCF loan repayments to the OFFICE and the OFFICE shall provide the accounting services necessary for the administration of such loan repayments. TDA shall be responsible for enforcing the contracts funded under this contract, except for the collection of loan repayments, in accordance with the OFFICE’s requirements and all applicable laws.
- C. Assist potential applicants in meeting TCF application requirements;
- D. As appropriate, prepare a TCF application guide and amend the TCF administrative rules for review and approval by the OFFICE;
- E. Monitor the contracts awarded;
- F. Provide technical assistance to units of general local governments that are eligible to receive TCF funds or that have been awarded a TCF contract;

- G. Receive the OFFICE's approval for any proposed change to the Consolidated Plan required pursuant to 24 CFR Part 91, prepare the approved required documents by the deadline imposed by the OFFICE, and participate in the public hearings to solicit comments on the Consolidated Plan;
- H. Adhere to the certifications the OFFICE makes to HUD in order to receive CDBG funding; and
- I. Provide the day-to-day legal services required to administer the TCF under this contract and if necessary or appropriate refer all conflicts of interest questions to the OFFICE for a legal opinion. If necessary or appropriate, TDA will refer eligibility questions to the OFFICE for a legal opinion.

SECTION 4. OFFICE FUNDING OBLIGATIONS

- A. In consideration of TDA's full and satisfactory performance, as determined by the OFFICE, of TDA's obligations under this contract, the total of all payments and other obligations made or incurred by the OFFICE under this contract shall not exceed the sum estimated to be \$436,283 for the Program Year 2009 period of February 1, 2009 until January 31, 2010 or such amount that is adjusted on a percentage basis for the actual PY 2009 funds that are made available from HUD for use by TDA for administration of the Texas Capital Fund.
- B. TDA shall submit requests for advance payments, with acceptable documentation, to the OFFICE as often as actually needed.
- C. The 2009 TCF program year allocation (based on the PY 2008 non-entitlement Texas CDBG allocation) is estimated to be Ten Million Four Hundred Fifteen Thousand One Hundred Forty-six and NO/100 Dollars (\$10,415,146.00). The Parties further agree that the final allocation for the 2009 TCF Program Year shall be determined based on the 2009 Texas Community Development Block Grant Program Action Plan and the actual amount of annual state program CDBG funding the OFFICE receives from HUD.
- D. Funds deobligated from TCF contracts and program income earned by TCF projects, except for program income retained for use in local revolving loan funds, shall be used by the OFFICE in accordance with the Action Plan. Notwithstanding any other provision of this contract, program income recovered from local revolving loan funds shall be used by the OFFICE for eligible Texas Community Development Block Grant Program activities in accordance with the Action Plan.
- E. The OFFICE shall transfer funds provided under this contract to the appropriate units of general local government upon approval of requests for payment from TDA and receipt by HUD. The OFFICE shall simultaneously notify TDA of the transfer to the local communities.
- F. The OFFICE shall be responsible for fulfilling the federal match requirement for the two per cent administrative funds used to fund this interagency contract.

SECTION 5. MEASURE OF LIABILITY

- A. TDA assumes no responsibility or liability, including monitoring and technical assistance for outstanding issues relating to TCF program contracts and other matters that existed before TDA began administering TCF, except that TDA shall continue to administer, in accordance with this contract, the contracts transferred to TDA at the time TDA began administering TCF, which are listed on Attachment A. TDA shall be responsible and shall assume liability for all issues arising out of its administration of the contracts listed on Attachment A and all issues arising out of its administration of contracts that are executed during the term of this agreement. TDA shall provide audit resolution services only for the contracts that are executed under this contract or listed on Attachment A.

- B. Costs, if any, that are disallowed by the OFFICE or HUD and that relate to TCF contracts that are governed by this contract shall be deducted from existing and future TCF allocations to TDA in an amount agreed upon by the parties to this contract.
- C. Notwithstanding Subsection B of this section, TDA shall exercise due diligence to seek recovery of disallowed costs from the TCF funding recipients that incurred the costs.

SECTION 6. DEPARTMENT MONITORING

TDA shall give the OFFICE, through its authorized representatives, access to and the right to examine any and all pertinent records or other written materials relating to this contract and maintained by TDA. TDA shall give the OFFICE the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed hereunder by TDA.

SECTION 7. REPORTING REQUIREMENTS AND RETENTION OF AND ACCESS TO RECORDS

- A. TDA shall submit to the OFFICE, on a monthly basis, cumulative reports on the operation and performance of work under this contract, including, but not limited to, reports on deobligated funds, unobligated funds and program income, as well as any other reports as may be required by the OFFICE. The OFFICE may use any such reports or other information submitted to the OFFICE by TDA to measure accomplishments in achieving objectives stated herein or for any other purpose.
- B. TDA shall retain all records relating to its responsibilities under this contract until its duties are completed and monitored by HUD or until the applicable retention period has expired, whichever is longer.
- C. TDA shall give the OFFICE, HUD, and the Auditor of the State of Texas, and any of their duly authorized representatives access to, and the right to examine, all records relating to this contract for as long as such records are retained by TDA as specified in Subsection B of this Section.

SECTION 8. AMENDMENTS AND CHANGES

Any alteration, addition or deletion to the terms of this contract shall be by amendment in writing and executed by both parties except as may be expressly provided for in some other manner by the terms of this contract.

SECTION 9. POLITICAL ACTIVITY

None of the activities or performances rendered by TDA shall involve and no portion of the funds received by TDA shall be used for any political activity, including but not limited to any activity to further the election or defeat of any candidate for public office, or any activity undertaken to influence the passage, defeat or final contents of legislation.

SECTION 10. SECTARIAN ACTIVITY

None of the activities or performances rendered by TDA shall involve and no portion of the funds received by TDA shall be used in support of any sectarian or religious activity.

SECTION 11. ORAL AND WRITTEN AGREEMENTS

- A. All oral or written agreements between the parties relating to the subject matter of this contract that were made prior to the execution of this contract have been reduced to writing and are contained herein.
- B. Attachment A, which is attached, is hereby made part of this contract.

SECTION 12. TERMINATION

- A. This contract may be terminated by either party prior to the date specified in Section 2 of this contract upon thirty (30) days advance written notice to the other party or upon the written directive of HUD.
- B. Upon written receipt of termination, TDA shall cease to incur costs and shall be reimbursed for any costs incurred up to termination.

Approved and accepted on behalf of the TDA and the OFFICE effective
_____.

Signed: _____
Drew DeBerry
Deputy Commissioner
Texas Department of Agriculture

Signed: _____
Charles S. (Charlie) Stone
Executive Director
Office of Rural Community Affairs

SUMMARY

FY 2009 Agency Operating Budget Update (As of October 31, 2008)

Presented by David Flores

DISCUSSION

Budget Changes

The 2009 Agency Operating Budget has been increased by \$14,424,099 to \$88,654,064. The increase is the result of:

- An **increase** of \$11,350,179 to fund the Engineering Services contract with HNTB and the new Disaster Recovery Division. The new division includes Hurricane Rita I & II and Hurricane Ike funding. It is funded at 41 FTE's for 2009, which will be phased in over the next eight months. Until the Hurricane Ike funds are available to ORCA, the Engineering Services contract will be funded by a temporary transfer of \$6 million in General Revenue from the Governor's Office and the Disaster Recovery Division will be temporarily funded with CDBG General Revenue.
- An **increase** of \$3,000,000 to the CDBG grants line-item of the budget as a result of Board action at the October meeting approving an additional \$2,000,000 set-aside for Disaster Relief and a \$1,000,000 set-aside to begin the Engineering Services necessary for Hurricane Ike damage assessments.
- An **increase** of \$73,920 to the Rural Health non-tobacco grants line-item of the budget as a result of Flex Critical Access Hospital grant administrative funds being re-programmed for grants, carry over of grant funds from prior years and grant award adjustments.

Pending Budget Items

2009 CDBG Grant Allocation – The 2009 CDBG allocation is budgeted at \$71,779,088 which is the 2008 funding level. Once the grant is received from HUD, an adjustment will be made to the 2009 Agency Operating Budget.

Hurricane Ike Grant Award – HUD has announced the allocation of more than \$2.1 billion to 13 States and Puerto Rico for emergency funding as a result of this

years natural disaster's, of which, Texas received \$1.3 billion to support the States' long-term disaster recovery. The grant funds will not be added to the budget until the Action Plan is approved by HUD and decisions are made on the Infrastructure, Housing and Economic Development components as well as the entitlement and non-entitlement allocation.

Budget Status

Utilization – The Agency Operating Budget schedule shows that two months (16.6%) into the year, the:

- **Internal Administration** budget was at 12% expended/obligated
- **External Services** budget was 3% expended/obligated
- **Grants to Communities** budget was 6% expended/obligated

The **Internal Administration** and **External Services** budget percentages have been impacted by the new and significant Disaster Recovery Division funding. As this division becomes fully operational the percentages are expected to recover. The **Grants to Communities** budget activity is below target and will most likely remain so until the June – August, when staff will award the Community Development and Colonias funds which represent over 74% of the CDBG allocation.

Disaster Recovery Funds \$74,523,000 - Status

ORCA

	<u>Budget</u>	<u>Expended</u>	<u>Obligated</u>	<u>Remaining</u>
Grants	\$30,537,574	\$22,532,308	\$ 7,867,785	\$ 137,482
Admin	\$ 1,607,241	\$ 1,254,412	\$ 45,764	\$ 307,064
Total	\$32,144,815	\$23,786,720	\$ 7,913,549	\$ 444,546

TDHCA

Grants	\$40,259,276	\$16,348,078	\$23,072,209	\$ 838,989
Admin	\$ 2,118,909	\$ 1,672,949	\$ 303,331	\$ 142,628
Total	\$42,378,185	\$14,719,522	\$23,375,540	\$ 981,617

Hurricane Recovery Funds \$428,671,849 - Status

ORCA

	<u>Budget</u>	<u>Expended</u>	<u>Obligated</u>	<u>Remaining</u>
Grants	\$42,000,000	\$ 5,694,682	\$36,305,318	\$ 0
Admin	\$ 2,100,000	\$ 378,052	\$ 0	\$ 1,721,948
Total	\$44,100,000	\$ 6,072,734	\$36,305,318	\$ 1,721,948

TDHCA

Grants	\$365,238,439	\$28,899,014	\$336,228,899	\$ 110,526
Admin	\$ 19,333,410	\$ 5,013,624	\$ 0	\$ 14,319,786
Total	\$384,571,849	\$33,912,638	\$336,228,899	\$ 14,430,312

TxCDBG Fund Balance Report

As of October 31, 2008 the TxCDBG Fund Balance Report shows that \$442,681 is available from prior year deobligated contracts and program income.

Enclosures

FY 2009 Agency Operating Budget
FY 2009 Departmental Budget
TxCDBG Fund Balance Report

RECOMMENDATION

The budget schedules and reports are presented for informational purposes.

***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**

ORCA FY 2009 Agency Operating Budget Schedule
As of October 31, 2008

ORCA ADMINISTRATION	ORCA Operating Budget	Expended As of 10/31/08	Obligated As of 10/31/08	Amount Remaining 10/31/08	Expended 10/31/08	Expended & Obligated 10/31/08
INTERNAL ADMINISTRATION						
Salaries and Wages	5,851,774	706,607	0	5,145,167	12%	12%
Other Personnel Costs	197,667	23,073	0	174,595	12%	12%
<i>Travel</i>						
In State Travel	562,500	24,540	0	537,960	4%	4%
Out of State Travel	39,960	1,917	0	38,043	5%	5%
<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	4,834	28,292	34,947	7%	49%
<i>Utilities</i>	86,875	2,729	19,208	64,938	3%	25%
<i>Rent - Building</i>	88,300	1,935	3,926	82,439	2%	7%
<i>Rent Machine and Other</i>	63,438	4,664	22,756	36,018	7%	43%
<i>Other Operating Expense</i>						
Computer - Expensed	307,250	220	4,122	302,908	0%	1%
Furniture & Equipment - Expensed	156,688	312	4,232	152,144	0%	3%
Postage	52,188	4,000	8,000	40,188	8%	23%
Other	545,250	26,582	61,045	457,624	5%	16%
Subtotal, Internal Administration	8,019,960	801,412	151,581	7,066,968	10%	12%
EXTERNAL SERVICES						
Dept of Agriculture	442,781	0	0	442,781	0%	0%
Dept of Housing & Community Affairs	82,755	0	0	82,755	0%	0%
Councils of Government	272,761	0	240,566	32,195	0%	88%
Rural Health Physician Relief	166,176	0	0	166,176	0%	0%
Professional/Contracted Services	9,104,754	2,827	9,561	9,092,365	0%	0%
Subtotal, External Services	10,069,227	2,827	250,127	9,816,272	0%	3%
TOTAL, ORCA ADMINISTRATION	18,089,187	804,239	401,709	16,883,240	4%	7%
GRANTS TO COMMUNITIES						
TxCDBG Grants	65,408,312	0	1,950,000	63,458,312	0%	3%
Rural Technology Centers	0	0	0	0	0%	0%
Rural Foundation	7,500	0	0	7,500	0%	0%
SORH Grants (Excluding Tobacco)	2,718,012	117,713	1,595,181	1,005,119	4%	63%
SORH Grants (Tobacco)	2,431,052	0	300,000	2,131,052	0%	12%
Subtotal, Grants to Communities	70,564,876	117,713	3,845,181	66,601,983	0%	6%
TOTAL, ORCA	88,654,064	921,952	4,246,889	83,485,223	1%	6%

CDBG PROGRAM FUNDS AVAILABLE TO OBLIGATE 422,681

ORCA FY 2009 Agency Operating Budget Schedule
As of October 31, 2008

ORCA FY 2009 Departmental Budget Schedule
As of October 31, 2008

ORCA ADMINISTRATION	Community Development	Rural Health Compliance	Finance	Finance	Executive Director	Proposed Budget
INTERNAL ADMINISTRATION						
Personnel						
Salaries and Wages	1,827,650	787,300	1,674,064	829,214	733,546	5,851,774
Other Personnel Costs	64,000	28,000	54,667	26,000	25,000	197,667
Travel						
In State Travel	180,000	70,000	205,000	25,000	82,500	562,500
Out of State Travel	6,000	5,780	19,980	1,200	7,000	39,960
Capital Outlay						
Computer Equipment	0	0	0	0	0	0
Furniture & Equipment	0	0	0	0	0	0
Consumable Supplies	17,600	7,700	28,748	7,150	6,875	68,073
Utilities	17,600	7,700	47,550	7,150	6,875	86,875
Rent - Building	6,400	18,600	58,200	2,600	2,500	88,300
Rent Machine and Other	15,200	6,650	29,475	6,175	5,938	63,438
Other Operating Expense						
Computer Equipment Expensed	48,000	21,000	200,000	19,500	18,750	307,250
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
Subtotal, Internal Administration	2,375,450	998,230	2,750,434	966,239	929,608	8,019,960
EXTERNAL SERVICES						
Dept of Agriculture	442,781					442,781
Dept of Housing & Community Affairs	82,755					82,755
Councils of Government	272,761					272,761
Rural Health Physician Relief		166,176				166,176
Professional/Contracted Services	109,600	52,200	8,884,304	29,900	28,750	9,104,754
Subtotal, External Services	907,897	218,376	8,884,304	29,900	28,750	10,069,227
TOTAL, ORCA ADMINISTRATION	3,283,347	1,216,606	11,634,738	996,139	958,358	18,089,187
GRANTS TO COMMUNITIES						
TxCDBG Grants	65,408,312					65,408,312
Rural Technology Centers	0					0
Rural Foundation					7,500	7,500
SORH Grants (Excluding Tobacco)		2,718,012				2,718,012
SORH Grants (Tobacco)		2,431,052				2,431,052
Subtotal, Grants to Communities	65,408,312	5,149,064	0	0	7,500	70,564,876
TOTAL, ORCA	68,691,659	6,365,670	11,634,738	996,139	965,858	88,654,064

TxCDBG Fund Balance Report
as of October 31, 2008

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	187,886.74	0.00	0.00	187,886.74	\$0.00
1995	0.00	0.00	0.00	0.00	\$0.00
1996	77,835.46	0.00	0.00	77,835.46	\$674.67
1997	0.00	0.00	0.00	0.00	\$0.00
1998	200,052.50	0.00	0.00	200,052.50	\$157,890.22
1999	73,879.04	0.00	0.00	73,879.04	\$10,562.00
2000	220,701.74	0.00	0.00	220,701.74	\$189,158.67
2001	48,494.19	0.00	0.00	48,494.19	\$305,382.81
2002	909,137.46	0.00	0.00	909,137.46	\$0.00
2003	484,910.57	0.00	0.00	484,910.57	\$31,488.29
2004	735,504.82	0.00	0.00	735,504.82	\$100,000.00
2005	1,142,945.98	0.00	0.00	1,142,945.98	\$0.00
2006	1,131,498.43	0.00	0.00	1,131,498.43	\$362,363.02
2007	868,674.00	0.00	0.00	868,674.00	\$1,701,190.31
2008	9,421,536.00	5,210,559.00	4,210,977.00	1,176,250.64	\$1,999,849.57
TOTAL	15,503,056.93	5,210,559.00	4,210,977.00	7,257,771.57	\$4,858,559.56

IDIS AVAILABLE BALANCE		
Deob Available to Obligate	\$7,257,772	
Program Income Funds (Excluding 2% Admin)	\$4,858,560	
Total IDIS Available Balance		\$12,116,331
Reconciliation Adjustments:		
* Deob Pending IDIS Close Out	(\$2,023,252)	
PI Deob Available	\$29,600	
Total Reconciliation Adjustments		(\$1,993,651)
ORCA Board Set-Asides:		
STEP Fund	(\$2,027,789)	
Additional Disaster Relief Fund - Reserve	(\$5,125,312)	
Urgent Need Fund	(\$500,000)	
Urgent Need Potential DR	(\$500,000)	
Disaster Recovery IKE	(\$1,000,000)	
State Office of Rural Health Project	(\$500,000)	
CSH Deob Reserve	(\$46,898)	
Total ORCA Board Set-Asides		(\$9,699,999)
CDBG PROGRAM FUNDS AVAILABLE TO OBLIGATE		\$422,681

* 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).

TxCDBG Fund Balance Report
as of October 31, 2008

SUMMARY
Presentation on
Texas Organization of Rural & Community Hospitals
Presented by Theresa Cruz *

DISCUSSION

The State Office of Rural Health has the opportunity to collaborate with many partners throughout the state. David Pearson, President/CEO with the Texas Organization of Rural & Community Hospitals (TORCH) will provide an informative presentation on the efforts of their organization and how they interact with ORCA.

RECOMMENDATION

No action needed. For informational purposes only.

RURAL DEFINITION

For purposes of the 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 an Executive Committee member have questions concerning this agenda item, please contact Theresa Cruz at 512-936-6719. (tcruz@orca.state.tx.us)**

SUMMARY
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 do-obligated TxCDBG funds for a Rural Health Pilot Project. The Executive Committee voted to approve the proposed use of de-obligated TxCDBG funds for a Rural Health Project at the February 2008 meeting.

The deadline for submission of an application for the Rural Health Pilot Project was extended from October 15th to November 21st in part to accommodate localities who were also applying for the regular Community Development grants. Nine applications were received by the close of business on Friday, November 21st. Please see the attached list of applicants with a short description of their proposed projects.

SORH staff will review the applications and score them, with recommendations to the State Review Committee at the next scheduled meeting, possibly in January. Pending SRC approval, a report of the awards will be given at the Board meeting immediately following.

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 an Executive Committee member have questions concerning this agenda item, please contact Theresa Cruz at 512-936-6719. (tcruz@orca.state.tx.us)**

Applicants for CDBG/Rural Health Pilot Project

<u>Applicant</u>	<u>Amount</u>	<u>Project</u>
1. City of Eastland	\$250,000	Construction of water/gas lines for hospital
2. Washington County	\$235,500	Renovation of building for use as health center
3. County of Dimmit	\$500,000	Renovation/addition to lab/pharmacy at hospital
4. Baylor County	\$250,000	Renovation of hospital/patient restrooms
5. City of Anson	\$250,000	Renovate hospital patient restrooms
6. City of Lockney	\$500,000	Construct new office space for physician/ build exam rooms
7. Chambers County	\$250,000	Needs assessment to construct new hospital
8. Rio Grande City	\$500,000	Expansion of health services/implement diabetes education program/implement exercise/fitness program/hire neurologist/psychiatrist/provide additional treatment space/purchase equipment
9. City of Tenaha	\$500,000	Construction of a dental facility

APPLICANTS FOR THE CDBG/RURAL HEALTH PILOT PROJECT



Map Prepared By:
OFFICE OF RURAL COMMUNITY AFFAIRS
December, 2008.

SUMMARY
Status of Historical Recruitment and Retention Grant
Recipients: Where Are They Now?
Presented by Theresa Cruz *

DISCUSSION

The State Office of Rural Health Division administers five recruitment and retention programs within ORCA. For three of those programs: the Outstanding Rural Scholar Recognition Program, the Texas Health Service Corp Program, and the Medically Underserved/State Matching Incentive Program, since 2001 approximately 108 awards have been made to more than 80 physicians for scholarships or residency stipends and approximately 68 awards have been made to hospitals/facilities to assist that many physicians with starting a practice.

Attached is a summary of those participants and their current location.

For the other two recruitment programs: the Physician Assistant Loan Repayment Programs and the Rural Community Health Investment Program, the research for the recipients is on-going. A follow-up report will be given at the next Board Meeting to include the status of the final two programs. With that report, an analysis of the success ratio will also be included.

RECOMMENDATION

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

RURAL DEFINITION

For purposes of this program, “Rural” is defined as communities within counties that are not designated as “Metropolitan Statistical Areas”, as determined by the Office of Management and Budget. Eligibility is based on the location of the sponsoring community.

***Should an Executive Committee member have questions concerning this agenda item, please contact Theresa Cruz at 512-936-6719. (tcruz@orca.state.tx.us)**

**Office of Rural Community Affairs
State Office of Rural Health
Historical Status of ORSRP Participants
2001-Present**

Serving Obligation					
SCHOLAR NAME	NAME OF PROFESSION	SPONSOR NAME	SERVICE BEGIN DATE	SERVICE END DATE	COUNTY CURRENTLY WORKING IN
Acosta, S.	Nursing	Pecos Economic Development	02/26/08	07/26/10	Reeves
Alvarado, G.	Physician Assistant	Yoakum Hospital	10/22/07	10/22/09	DeWitt
Barker, B.	Family Medicine (DO)	Matagorda Hospital	08/01/05	06/01/09	Matagorda
Davina, H	Medical Lab Tech	Hemphill County Hospital	<i>Passed Exam 11/08 Should begin December 2008</i>	<i>15-month obligation</i>	Hemphill
Duplechain, H.	Medical Doctor	ETMC-Quitman	08/22/06	07/22/10	Wood
Eaker, R.	Medical Doctor	Rolling Plains Memorial Hospital	08/01/05	07/01/09	Nolan
Frye, R.	Physical Therapist	Hereford Regional Medical Center	10/10/2008	9/11/2009	Deaf Smith
Goerig, B.	Family Medical Doctor	El Campo Memorial Hospital	08/01/06	06/01/10	Wharton
Gomez, C.	Registered Nurse	Pecos Memorial Hospital	02/06/03	07/08/09	Reeves
Green, E.	Dentist	Childress Economic Development	08/01/07	05/01/11	Childress
Hickle, L.	Registered Nurse	St. Marks Medical Center	01/28/08	06/15/13	Fayette
Jones, J. T.	Physical Therapist	Brownwood Regional Medical Center	01/08/07	12/08/08	Brown
Kerr, D	Medical Doctor	Cogdell Memorial Hospital Authority	08/09/07	07/09/11	Scurry
Lucas, F.	Respiratory Therapist	St. Marks Medical Center	08/20/06	08/20/09	Fayette
Meyer, R.	Nurse Anesthesia	Childress Regional Medical Center	01/18/08	05/18/10	Childress
Mull, K.	Nursing	Hale Hospital Authority	01/21/07	08/25/09	Hale
Roberts, C.	Medical Doctor	Medical Arts Hospital	07/01/08	04/25/12	Dawson
Ruiz, S.	Occupational Therapy Assistant	Brownwood Regional Medical Center	09/24/07	08/24/09	Brown
Severson, S.	Medical Doctor	El Campo Memorial Hospital	08/11/08	05/11/12	Wharton
Shaffer, S.	Family Nurse Practitioner	Hamilton General Hospital	01/15/07	05/15/09	Hamilton
Vermedahl, N.	Medical Doctor	Coon Memorial Hospital	08/31/06	07/31/10	Dallam

**Office of Rural Community Affairs
State Office of Rural Health
Historical Status of ORSRP Participants
2001-Present**

IN SCHOOL						
SCHOLAR NAME	MEDICAL PROFESSION	CONTRACT EXECUTION DATE	GRAD DATE	SCHOOL	SPONSOR	COUNTY SCHOLAR WILL SERVE IN
Alford, E.	Medicine	3/9/2007	5/31/2009	Texas A&M Health Science Center College of Medicine	Brenham Clinic Association, PA	Washington
Elliot, S.	Nursing	8/3/2005	5/15/2009	Amarillo College	Castro Hospital District	Castro
Graves, B.	Physical Therapist	4/17/2006	12/12/2008	Hardin Simmons University	Gonzales Healthcare Systems	Gonzales
Keys, K.	Dentist	10/16/2007	5/31/2011	UT Health Science Center-Houston	Childress Economic Development Corp	Childress
Koudela, A.	Physician Assistant	7/11/2006	5/18/2009	UNT Health Science Center	El Campo Memorial Hospital	Wharton
Leathers, K.	Pharmacist	10/16/2007	5/21/2011	Texas Tech University Health Science Center	Clarendon Outpost Company	Gray
Lewis, A.	Physician Assistant	8/10/2004	4/30/2009	University of North Texas	Pecos Memorial Hospital	Pecos
Messer, L.	Physician Assistant	10/16/2007	8/15/2009	Texas Tech University Health Science Center	Hale Hospital Authority	Hale
Meza, J.	Physical Therapist	7/26/2006	5/15/2009	San Angelo State University	Dallam-Hartley Counties Hospital District	Dallam
Putnam, R.	Medicine	7/31/2006	5/31/2010	UT Health Science Center-Houston	Paris Regional Medical Center	Lamar
Rios, N.	Radiologist	10/19/2007	5/14/2009	Blinn College	St. Marks Medical Center	Fayette
Sinclair, J.	Medicine	10/16/2007	5/31/2011	Texas A&M Health Science Center College of Medicine	Nolan Hospital District dba Rolling Plains Memorial Hospital	Nolan
Smedley, T.	Nursing	7/19/2006	5/31/2010	University of Texas at Austin	Starr Memorial Hospital	Starr
Terrell, S.	Family Nurse Practitioner	10/16/2007	8/31/2009	Texas Tech University Health Science Center	East Texas Medical Center - Quitman	Wood
Williams, A.	Physician Assistant	10/30/2007	8/15/2009	Texas Tech University Health Science Center	Hale Hospital Authority	Hale

**Office of Rural Community Affairs
State Office of Rural Health
Historical Status of ORSRP Participants
2001-Present**

In Residency

SCHOLAR NAME	CURRENT STATUS	NAME OF PROFESSION	SPONSOR NAME	RESIDENCY/ FELLOWSHIP COMPLETION DATE	COUNTY SCHOLAR WILL SERVE IN
Denison, D.	Residency	General Surgery	Paris Regional Medical Center	6/30/2010	Lamar
Humphries, M.	Residency	General Surgery	ETMC-Quitman	6/30/2010	Wood
Laurel, P.	Residency	Internal Medicine	Starr Co. Mem. Hosp.	12/31/2008	Starr
Pickett, C.	Residency	OB/GYN	Memorial Med. Ctr - Livingston	6/30/2010	Polk
Steffey, C.	Residency	Pediatrician	Paris Regional Medical Center	6/30/2009	Lamar
White, H.	Fellowship	D.O. Internal Medicine	ETMC - Pittsburg	6/30/2011	Camp
Velasquez, A.	Residency	Family Medicine	Pecos Memorial Hosp.	6/30/2011	Pecos

Service Obligation Completed

SCHOLAR NAME	CURRENT STATUS	NAME OF PROFESSION	SPONSOR NAME	SERVICE END DATE	COUNTY CURRENTLY WORKING IN
Adcock, K.	File Closed	Family Nurse Practitioner	Hemphill Hospital District	1/1/2004	Hemphill
Allen, M.	File Closed	Registered Nurse	Childress Regional Medical Center	3/27/2007	Childress
Alvarez, J.	File Closed	Physical Therapist	Mitchell Hospital	1/3/2008	Mitchell
Bertsch-Janacek, J.	File Closed	Respiratory Therapist	St. Marks Medical Center	6/1/2006	Fayette
Borcik, J.	File Closed	Physical Therapist	Coon Memorial Hospital	2/14/2006	Bexar
Campbell, C.	File Closed	Registered Nurse	Castro Hospital District	12/21/2005	Castro
Charanza, A.	File Closed	Physical Therapist	Colorado-Fayette Medical Center	9/1/2007	Fayette
Clifton, T	File Closed	Physical Therapist	Heart of Texas Memorial Hospital	2/18/2007	Travis
Cox, A.	File Closed	Family Nurse Practitioner	Muleshoe Area Hospital District	9/7/2006	Dickens
Cristy, D.	File to be monitored	Family Nurse Practitioner	Covenant Hospital-Plainview	May-08	Brazos
Dabelic-Worick, R.	File to be monitored	Medical Doctor	Stephens Memorial Hospital	7/1/2008	Stephens
Elisa Perez	File Closed	Registered Nurse	Yoakum Community Hospital	4/24/2005	DeWitt
Foust, S.	File Closed	Physical Therapist	Coon Memorial Hospital	11/7/2005	Dallam
Garza, G.	File to be monitored	Family Nurse Practitioner	Hereford Regional Medical Center	8/12/2008	Deaf Smith
Hailey, A.	File to be monitored	Registered Nurse	Rice Medical Center	9/29/2005	Colorado
Jackson, M.	File Closed	Licensed Vocational Nurse	Castro Hospital District	9/1/2007	Castro

**Office of Rural Community Affairs
State Office of Rural Health
Historical Status of ORSRP Participants
2001-Present**

Jones, C.	File Closed	Registered Nurse	Fayette Memorial Hospital	5/12/2004	Fayette
Jones, P.	File Closed	Family Nurse Practitioner	Childress Hopsital District	2/14/2007	Childress
Juarez, L.	File to be monitored	Physician Assistant	Reeves Hospital District	7/31/2008	Reeves
Service Obligation Completed					
SCHOLAR NAME	CURRENT STATUS	NAME OF PROFESSION	SPONSOR NAME	SERVICE END DATE	COUNTY CURRENTLY WORKING IN
Keys, J.	File Closed	Physical Therapist	Childress Regional Medical Center	9/27/2005	Childress
Ni, P.	File Closed	Nurse Anesthetic	Eastland Memorial Hospital	1/3/2008	Eastland
Ridens, D.	File Closed	Medical Doctor	Childress Regional Medical Center	9/1/2007	Childress
Schulze, J.	File Closed	Registered Nurse	Fayette Memorial Hospital	5/1/2005	Fayette
Skoruppa-Key, K.	File Closed	Dentist	Childress Economic Development	6/21/2007	Childress
Thomas, R.	File Closed	Nurse Anesthetic	ETMC-Pittsburg	12/31/2004	Camp
Wright, B.	File Closed	Radiologist	Hemphill Hospital District	12/18/2004	Hemphill
Zimmerman-Gamble, R.	File to be monitored	Family Nurse Practitioner	Kimble Hospital	3/6/2007	Kimble

**Office of Rural Community Affairs
State Office of Rural Health
Historical Status of THSC Participants
2001-Present**

Contract Number	Contractor	Practice County Obligation	Service Date Beginning	Service Date Ending	Current Practice Location - Texas Medical Board
THSC07002	Alberto Ruiz MD, PA	Hidalgo	Jul-09	Jul-11	In Residency
THSC07005	Bernadette U. Iguh	Rusk	Jul-08	Jul-10	Rusk
THSCP0302	Brandon Gilmore	Brown	Sep-03	Aug-04	Brown
THSCP0403	Cody Culwell MD	Swisher	Jul-05	Jul-07	Swisher
THSCP0305	Craig McMullen	Shelby	Sep-03	Aug-04	Shelby
THSC07001	Emily Meyer MD	Medina	Aug-07	Aug-10	Medina
THSCP08004	Escobar, Jorge Javier	Starr			Residency
THSC07003	Felix Morales, MD	Pecos	Jul-07	Jul-09	Pecos
THSCP0505	Fidel Ogeda MD	Dawson	Jul-06	Jul-08	Dawson
THSCP0602	Francisco Ortiz, MD	Wharton	Aug-06	Aug-07	Wharton
THSC07004	Frank Boyd, DO	Limestone	Aug-08	Aug-11	Brazos
THSC07008	Grigoriy Rodonania, MD	Chambers	Jul-04	Jul-08	Not Listed
THSCP0405	Isabel Molina MD	Lamb	Jul-04	Jul-05	Lamb
THSCP0306	Jamie Cox MD	Floyd	Oct-02	Oct-04	Floyd
THSCP0406	Jason Hubbard DO	Brown	Jul-04	Jul-05	Brown
THSCP0401	Jennifer McGaughy, DO	Ochiltree	Jul-06	Jul-09	Ochiltree
THSC07007	John L. Redman	McLennan	Jul-08	Jul-10	McLennan
THSCP0307	Laura Birnbaum MD	Lee	Dec-05	Dec-08	Lee
THSCP08002	Peter Michael Buffa	Starr			Residency
THSCP08005	Rafael Jose Rafols	Hidalgo			Residency
THSCP0608	Steven Stoltz, MD	Hidalgo	Jul-07	Jul-08	Hidalgo
THSCP0607	Sunand Kallumadanda, MD	Hidalgo	Jul-06	Jul-07	Hidalgo

**Office of Rural Community Affairs
State Office of Rural Health
Historical Status of THSC Participants
2001-Present**

Contract Number	Contractor	Practice County Obligation	Service Date Beginning	Service Date Ending	Current Practice Location - Texas Medical Board
THSC07002	Alberto Ruiz MD, PA	Hidalgo	Jul-09	Jul-11	In Residency
THSC07005	Bernadette U. Iguh	Rusk	Jul-08	Jul-10	Rusk
THSCP0302	Brandon Gilmore	Brown	Sep-03	Aug-04	Brown
THSCP0403	Cody Culwell MD	Swisher	Jul-05	Jul-07	Swisher
THSCP0305	Craig McMullen	Shelby	Sep-03	Aug-04	Shelby
THSC07001	Emily Meyer MD	Medina	Aug-07	Aug-10	Medina
THSCP08004	Escobar, Jorge Javier	Starr			Residency
THSC07003	Felix Morales, MD	Pecos	Jul-07	Jul-09	Pecos
THSCP0505	Fidel Ogeda MD	Dawson	Jul-06	Jul-08	Dawson
THSCP0602	Francisco Ortiz, MD	Wharton	Aug-06	Aug-07	Wharton
THSC07004	Frank Boyd, DO	Limestone	Aug-08	Aug-11	Brazos
THSC07008	Grigoriy Rodonania, MD	Chambers	Jul-04	Jul-08	Not Listed
THSCP0405	Isabel Molina MD	Lamb	Jul-04	Jul-05	Lamb
THSCP0306	Jamie Cox MD	Floyd	Oct-02	Oct-04	Floyd
THSCP0406	Jason Hubbard DO	Brown	Jul-04	Jul-05	Brown
THSCP0401	Jennifer McGaughy, DO	Ochiltree	Jul-06	Jul-09	Ochiltree
THSC07007	John L. Redman	McLennan	Jul-08	Jul-10	McLennan
THSCP0307	Laura Birnbaum MD	Lee	Dec-05	Dec-08	Lee
THSCP08002	Peter Michael Buffa	Starr			Residency
THSCP08005	Rafael Jose Rafols	Hidalgo			Residency
THSCP0608	Steven Stoltz, MD	Hidalgo	Jul-07	Jul-08	Hidalgo
THSCP0607	Sunand Kallumadanda, MD	Hidalgo	Jul-06	Jul-07	Hidalgo

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 October 31, 2008 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 an Executive Committee member have questions concerning this agenda item, please contact Charlie Stone at 512-936-6719 or at tcruz@orca.state.tx.us.**

ORCA Rural Health - Outstanding Debt Collections
As of October 31, 2008

Collections by ORCA										
	Student Name	Program *	Profession	Original Amount Owed	Year Entered Program	Default Date		Balance as of 10/31/08	FY 2009 Collections	Comment
1	Annette Ybarra	ORS	Pharmacy	\$ 76,500.00	2000	2004		\$ 13,990.00	\$ 2,550.00	
2	Sarah Doss	ORS	Family Medicine	\$ 59,196.68	1997	2004		\$ 13,812.62	\$ 1,973.22	
3	Ted Chaka	ORS	Physician Asst.	\$ 33,933.34	2001	2005		\$ 21,915.25	\$ 1,444.52	
4	Deborah Ginbey	ORS	Registered Nurse	\$ 70,356.63	1995	2001		\$ 65,241.69	\$ 1,494.97	
5	Renee Castillo	ORS	Registered Nurse	\$ 18,629.40	2003	2007		\$ 17,668.91	\$ 350.00	
6	April Dorman	ORS	Registered Nurse	\$ 51,762.77	2005	7/12/08		\$ 51,262.77	\$ 500.00	
7	Candice Simmons	ORS	Family Medicine	\$ 13,326.85	2007	7/2/08		\$ 13,043.69	\$ 283.16	
Total, ORCA				\$ 323,705.67				\$ 196,934.93	\$ 8,595.87	

Collections by the Office of Attorney General (OAG)										
	Student Name	Program *	Profession	Original Amount Owed	Year Entered Program	Default Date		Balance as of 10/31/08	FY 2009 Collections	Comment
1	Phillip Cochran	ORS	Family Medicine	\$ 133,938.93	1994	2003		\$ 45,819.74	\$ 3,665.58	
2	Jessica Fulcher	ORS	Registered Nurse	\$ 38,750.73	6/24/05	6/28/05		\$ 38,750.73	\$ -	
3	Robert Zube	ORS	Emergency Med.	\$ 221,634.03	1999	2006		\$ 202,887.61	\$ 3,000.00	
4	Maragret Taylor	ORS	Physician Asst.	\$ 7,824.35	1998	2000		\$ 7,229.33	\$ 300.00	
5	Tabbatha Rizer	ORS	Registered Nurse	\$ 86,203.20	2005	2007		\$ 84,878.48	\$ -	
6	Joseph Munroe	THSC	Family Medicine	\$ 10,250.00	6/28/05	6/29/05		\$ -	\$ 10,249.61	
Total, Attorney General				\$ 488,351.24				\$ 379,565.89	\$ 17,215.19	

	Original Amount Owed			Balance as of 10/31/2008	FY 2009 Collections
Total	\$ 812,056.91			\$ 576,500.82	\$ 25,811.06

* ORS - Outstanding Rural Scholar Program
THSC - Texas Health Services Corps Program

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 the Texas Administration Code, Title 10, Part 6, Chapter 257, Subchapter B, Rule 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/Acceptance form and resume/curriculum vitae for:

- Shane Munson, an Administrator of a Texas Community College

RECOMMENDATION

It is recommended that the Executive Committee accept the appointment of the proposed ORSRP Advisory Committee member.

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 an Executive Committee member have questions concerning this agenda item, please contact Ms. Cruz at 512-936-6719 (tcruz@orca.state.tx.us).**

SUMMARY

Disaster Relief Fund Update and Revised Priority for the Use of Disaster Relief Funds

Presented by Mark Wyatt*

DISCUSSION

For Program Year 2008, ORCA has made available up to \$17,710,228 in funds to provide assistance under the Texas CDBG Disaster Relief Fund. This amount includes up to \$14,767,285 of Deobligated Funds and/or Program Income. This would be the highest total Program Year commitment level since the Disaster Relief Fund began in 1992. (**These are funds provided under the regular TxCDBG program and not the supplemental Disaster Recovery CDBG funding.**)

2008 Allocation & Deobligated Funds and/or Program Income the Disaster Relief Fund:

Amount Remaining, as of 11/24/2008 is \$3,762,624 <===

History of Disaster Relief Awards – TxCDBG (see accompanying maps)

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	\$5,806,149
2002	\$7,330,563
2003	\$6,237,789
2004	\$5,661,479
2005	\$5,915,869
2006	\$2,824,760
2007	\$8,269,065
<u>2008</u>	<u>\$16,137,762</u>
Total	\$93,266,333

Recent awards:

On October 31, 2008, the State Review Committee approved all six staff recommendations for Burkburnett, Childress, Childress County, Gillespie County, Gonzales, and Wood County for a total of \$1,362,688.

Current Status Report

Anticipated Demand

For the January 2009 State Review Committee meeting - approximately **\$1,000,000**.

June 2008 State Declaration - Delta County - Potential: \$350,000.

November 2008 State Declaration - Robertson County, Val Verde County, Lubbock County – Potential: \$1,050,000.

Total Potential Demand (estimate): \$2,400,000

Revised priority based on \$6.5 Billion approved for 2008 federal disaster declarations:

In August 2008, the Board established that “The TxCDBG program shall prioritize the use of the Disaster Relief Fund for federal declarations and providing the federally required 25 percent match portion of the FEMA or NRCS approved budget covering approved repair and restoration activities.”

The federal Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009, signed into law on September 30, 2008, provided supplemental CDBG funds of \$6.5 Billion. These funds were provided “**for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing, and economic revitalization in areas affected by hurricanes, floods, and other natural disasters occurring during 2008 for which the President declared a major disaster** under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974”.

As of the effective date of this law, the supplemental \$6.5 Billion would be considered the potential source of funding for these areas rather than the regular, modestly funded Disaster Relief Fund, which uses the annual Texas CDBG allocation. **Therefore, as of September 30, 2008, which is the effective date of the law, applications under the regular Disaster Relief Fund would not be accepted for those areas with a Presidential (federal) disaster declaration in 2008.**

We recommend that the previously approved policy be amended to reflect the supplemental CDBG appropriations for all 2008 Presidential disaster declarations.

RECOMMENDATION

Staff recommends consideration of the following motion to revise current policy:

“Unless supplemental federal funds are provided for applicable Presidential disaster declarations, the TxCDBG program shall prioritize the use of the Disaster Relief Fund for federal declarations and providing the federally required 25 percent match portion of the FEMA or NRCS approved budget covering approved repair and restoration activities.”

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)**

DISASTER RELIEF FUND

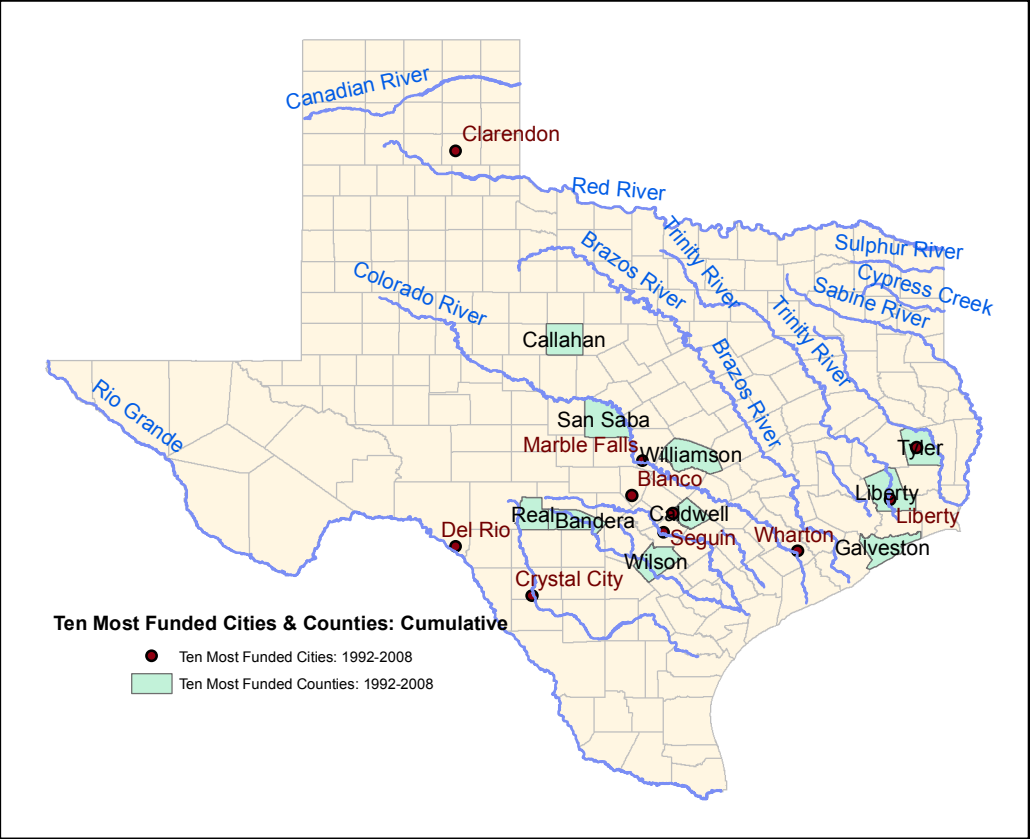
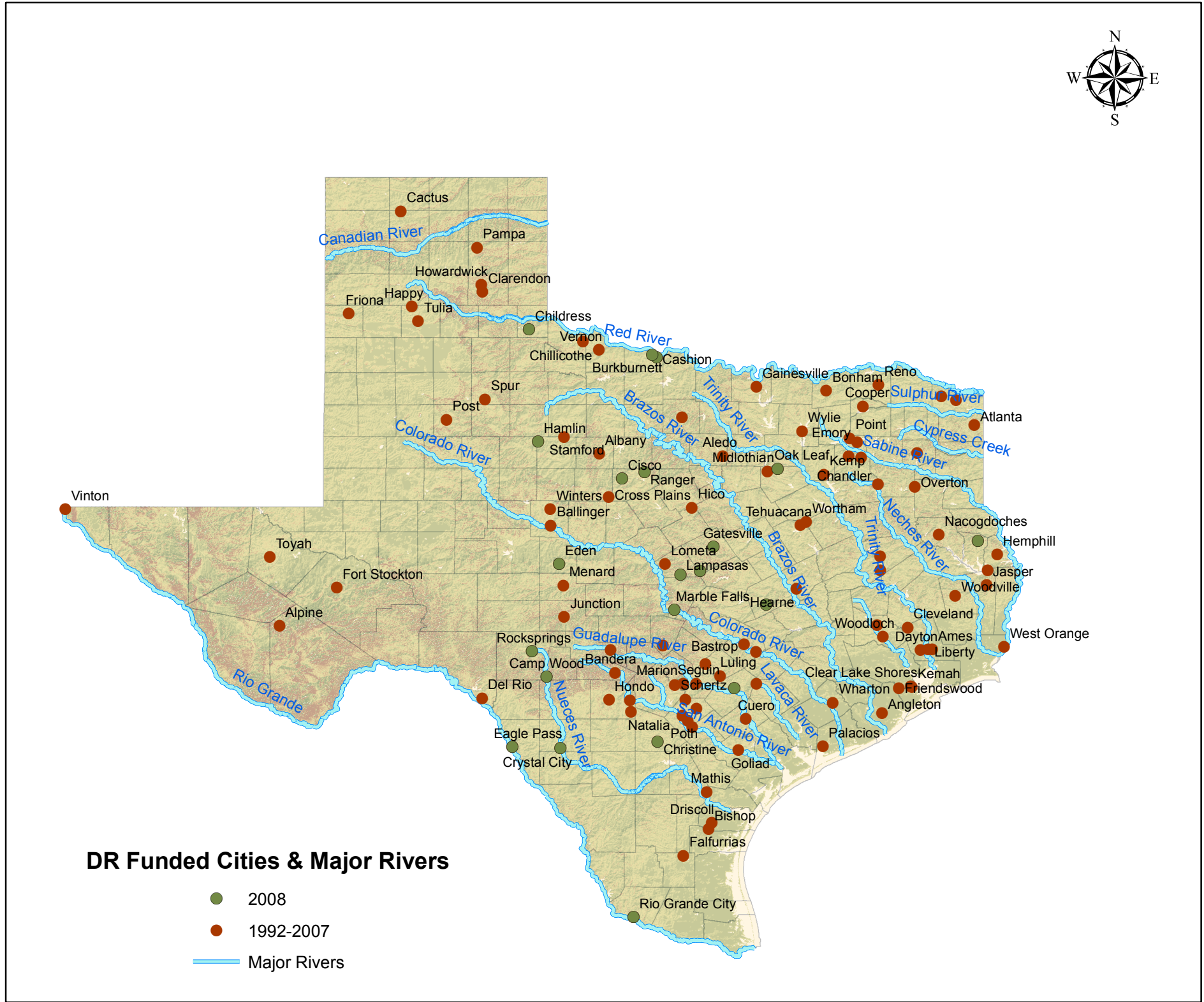
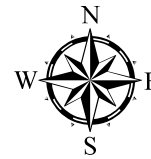
City	COG	YR1992	YR1993	YR1994	YR1995	YR1996	YR1997	YR1998	YR1999	YR2000	YR2001	YR2002	YR2003	YR2004	YR2005	YR2006	YR2007	YR2008	Total	City
Albany	WCTCOG											\$349,900							\$349,900	Albany
Aledo	NCTCOG													\$350,000					\$350,000	Aledo
Alpine	RGCOG				\$350,000														\$350,000	Alpine
Ames	HGAC									\$350,000									\$350,000	Ames
Angleton	HGAC																\$350,000		\$350,000	Angleton
Atlanta	ATCOG							\$255,000											\$255,000	Atlanta
Ballinger	WCTCOG											\$350,000							\$350,000	Ballinger
Bandera	AACOG												\$186,249						\$186,249	Bandera
Bastrop	CAPCO														\$350,000				\$350,000	Bastrop
Bishop	CBCOG							\$329,387											\$329,387	Bishop
Blanco	CAPCO					\$350,000						\$350,000							\$700,000	Blanco
Bonham	TEXOMA														\$50,000				\$50,000	Bonham
Browndell	DETCOG														\$50,000	\$50,000			\$100,000	Browndell
Burkburnett	NORTEX																	\$183,580	\$183,580	Burkburnett
Cactus	PRPC																\$338,881		\$338,881	Cactus
Camp Wood	MRGDC																	\$120,559	\$120,559	Camp Wood
Castroville	AACOG											\$138,567							\$138,567	Castroville
Chandler	ETCOG							\$350,000											\$350,000	Chandler
Childress	PRPC																\$350,000		\$350,000	Childress
Chillicothe	NORTEX				\$148,032														\$148,032	Chillicothe
Christine	AACOG																	\$63,198	\$63,198	Christine
Cisco	WCTCOG																	\$114,591	\$114,591	Cisco
Clarendon	PRPC						\$350,000					\$350,000							\$700,000	Clarendon
Clear Lake Shores	HGAC									\$191,714									\$191,714	Clear Lake Shores
Cleveland	HGAC																\$350,000		\$350,000	Cleveland
Cooper	ATCOG										\$138,000								\$138,000	Cooper
Copperas Cove	CTCOG																	\$350,000	\$350,000	Copperas Cove
Crockett	DETCOG														\$50,000				\$50,000	Crockett
Cross Plains	WCTCOG			\$350,000															\$350,000	Cross Plains
Crystal City	MRGDC												\$350,000					\$350,000	\$700,000	Crystal City
Cuero	GCRPC								\$350,000			\$135,000							\$485,000	Cuero
Dayton	HGAC									\$295,000									\$295,000	Dayton
De Kalb	ATCOG							\$350,000		\$161,994									\$511,994	De Kalb
Del Rio	MRGDC							\$350,000	\$837,850	\$445,245									\$1,633,095	Del Rio
Driscoll	CBCOG						\$350,000												\$350,000	Driscoll
Eagle Pass	MRGDC																\$60,995		\$60,995	Eagle Pass
Eden	CVCOG																\$350,000		\$350,000	Eden
Edgewood	ETCOG					\$350,000													\$350,000	Edgewood
Emory	ETCOG					\$68,000													\$68,000	Emory
Falfurrias	CBCOG												\$350,000						\$350,000	Falfurrias
Falls City	AACOG												\$231,533						\$231,533	Falls City
Floresville	AACOG		\$70,200																\$70,200	Floresville
Fort Stockton	PBRPC													\$176,937					\$176,937	Fort Stockton
Friendswood	HGAC									\$350,000									\$350,000	Friendswood
Friona	PRPC				\$160,000														\$160,000	Friona
Gainesville	TEXOMA		\$250,000																\$250,000	Gainesville
Gatesville	CTCOG																\$350,000		\$350,000	Gatesville
Gilmer	ETCOG															\$350,000			\$350,000	Gilmer
Goliad	GCRPC												\$53,500						\$53,500	Goliad
Gonzales	GCRPC							\$221,755									\$350,000		\$571,755	Gonzales
Grand Saline	ETCOG									\$350,000									\$350,000	Grand Saline
Hamlin	WCTCOG															\$350,000		\$180,000	\$530,000	Hamlin
Happy	PRPC											\$350,000							\$350,000	Happy
Hearne	BVCOG												\$350,000						\$350,000	Hearne
Hemphill	DETCOG															\$50,000			\$50,000	Hemphill
Hico	CTCOG									\$350,000									\$350,000	Hico
Hondo	AACOG											\$350,000							\$350,000	Hondo
Howardwick	PRPC						\$326,500												\$326,500	Howardwick
Jacksboro	NORTEX						\$64,545												\$64,545	Jacksboro
Jasper	DETCOG														\$50,000		\$350,000		\$400,000	Jasper
Junction	CVCOG										\$350,000								\$350,000	Junction
Kemah	HGAC									\$350,000									\$350,000	Kemah

City	COG	YR1992	YR1993	YR1994	YR1995	YR1996	YR1997	YR1998	YR1999	YR2000	YR2001	YR2002	YR2003	YR2004	YR2005	YR2006	YR2007	YR2008	Total	City
Kemp	NCTCOG					\$350,000													\$350,000	Kemp
Kerrville	AACOG											\$350,000							\$350,000	Kerrville
La Vernia	AACOG										\$231,000								\$231,000	La Vernia
Lampasas	CTCOG																	\$350,000	\$350,000	Lampasas
Liberty	HGAC	\$341,220			\$350,000					\$350,000									\$1,041,220	Liberty
Lometa	CTCOG			\$350,000															\$350,000	Lometa
Lovelady	DETCOG							\$182,400											\$182,400	Lovelady
Luling	CAPCO												\$342,500						\$342,500	Luling
Marble Falls	CAPCO			\$350,000													\$350,000	\$350,000	\$1,050,000	Marble Falls
Marion	AACOG														\$229,506				\$229,506	Marion
Martindale	CAPCO											\$350,000	\$247,400						\$597,400	Martindale
Mathis	CBCOG														\$350,000				\$350,000	Mathis
Menard	CVCOG										\$55,210								\$55,210	Menard
Midlothian	NCTCOG										\$350,000								\$350,000	Midlothian
Moulton	GCRPC					\$250,000													\$250,000	Moulton
Nacogdoches	DETCOG														\$30,000				\$30,000	Nacogdoches
Natalia	AACOG							\$319,500					\$105,646						\$425,146	Natalia
New Boston	ATCOG									\$250,000									\$250,000	New Boston
Oak Leaf	NCTCOG																	\$275,500	\$275,500	Oak Leaf
Overton	ETCOG							\$346,500											\$346,500	Overton
Palacios	HGAC												\$350,000						\$350,000	Palacios
Pampa	PRPC				\$350,000														\$350,000	Pampa
Panorama Village	HGAC												\$105,175						\$105,175	Panorama Village
Point	ETCOG							\$118,000											\$118,000	Point
Post	SPAG							\$350,000											\$350,000	Post
Poth	AACOG													\$350,000					\$350,000	Poth
Ranger	WCTCOG																	\$350,000	\$350,000	Ranger
Reno	ATCOG									\$50,000									\$50,000	Reno
Rio Grande City	STDC																	\$183,572	\$183,572	Rio Grande City
Rockdale	CTCOG																	\$350,000	\$350,000	Rockdale
Rocksprings	MRGDC																	\$54,000	\$54,000	Rocksprings
San Augustine	DETCOG															\$63,632		\$350,000	\$413,632	San Augustine
Schertz	AACOG									\$88,265									\$88,265	Schertz
Seguin	AACOG								\$272,961				\$350,000		\$71,968				\$694,929	Seguin
Smithville	CAPCO								\$350,000										\$350,000	Smithville
Spur	SPAG						\$350,000												\$350,000	Spur
Stamford	WCTCOG															\$350,000			\$350,000	Stamford
Stockdale	AACOG																	\$129,640	\$129,640	Stockdale
Tehuacana	HOTCOG					\$283,913													\$283,913	Tehuacana
Toyah	PBRPC												\$350,000						\$350,000	Toyah
Tulia	PRPC																\$192,961		\$192,961	Tulia
Vernon	NORTEX				\$147,800														\$147,800	Vernon
Vinton	RGCOG																\$350,000		\$350,000	Vinton
West Orange	SETRPC														\$50,000				\$50,000	West Orange
Wharton	HGAC								\$291,500		\$255,000				\$61,035				\$607,535	Wharton
Winters	WCTCOG						\$146,560												\$146,560	Winters
Woodloch	HGAC				\$202,000					\$102,000									\$304,000	Woodloch
Woodville	DETCOG					\$250,000	\$350,000												\$600,000	Woodville
Wortham	HOTCOG							\$350,000											\$350,000	Wortham
Wylie	NCTCOG		\$350,000																\$350,000	Wylie
Total by Year		\$341,220	\$420,200	\$1,300,000	\$1,707,832	\$1,901,913	\$2,055,605	\$2,482,787	\$1,894,716	\$3,454,329	\$2,483,449	\$2,628,467	\$2,672,005	\$2,276,937	\$1,342,509	\$1,213,632	\$2,411,482	\$5,085,995	\$35,673,078	

DISASTER RELIEF FUND

County	COG	YR1992	YR1993	YR1994	YR1995	YR1996	YR1997	YR1998	YR1999	YR2000	YR2001	YR2002	YR2003	YR2004	YR2005	YR2006	YR2007	YR2008	Total	PLACE
Archer County	NORTEX														\$350,000			\$147,350	\$497,350	Archer County
Atascosa County	AACOG												\$350,000					\$84,435	\$434,435	Atascosa County
Bandera County	AACOG		\$350,000				\$300,000				\$279,879	\$350,000							\$1,279,879	Bandera County
Bastrop County	CAPCO														\$350,000				\$350,000	Bastrop County
Blanco County	CAPCO												\$112,677						\$112,677	Blanco County
Bosque County	HOTCOG									\$350,000								\$350,000	\$700,000	Bosque County
Bowie County	ATCOG										\$175,263								\$175,263	Bowie County
Brooks County	CBCOG													\$350,000					\$350,000	Brooks County
Burnet County	CAPCO																	\$350,000	\$350,000	Burnet County
Caldwell County	CAPCO								\$226,365			\$350,000			\$348,360				\$924,725	Caldwell County
Calhoun County	GCRPC													\$137,496					\$137,496	Calhoun County
Callahan County	WCTCOG			\$350,000														\$578,132	\$928,132	Callahan County
Cameron County	LRGVDC						\$350,000							\$350,000					\$700,000	Cameron County
Carson County	PRPC		\$350,000																\$350,000	Carson County
Childress County	NORTEX					\$250,000													\$250,000	Childress County
Coleman County	WCTCOG										\$350,000		\$55,000					\$60,031	\$465,031	Coleman County
Collingsworth County	PRPC					\$250,000													\$250,000	Collingsworth County
Comanche County	WCTCOG																	\$350,000	\$350,000	Comanche County
Coryell County	CTCOG																\$350,000	\$204,333	\$554,333	Coryell County
Cottle County	NORTEX				\$270,000														\$270,000	Cottle County
Delta County	ATCOG						\$350,000				\$241,000								\$591,000	Delta County
DeWitt County	GCRPC								\$350,000										\$350,000	DeWitt County
Dimmit County	MRGDC												\$250,751						\$250,751	Dimmit County
Donley County	PRPC						\$250,000				\$256,460								\$506,460	Donley County
Eastland County	WCTCOG																	\$422,821	\$422,821	Eastland County
Edwards County	MRGDC								\$141,068				\$350,000					\$159,558	\$650,628	Edwards County
Ellis County	NCTCOG									\$350,000							\$350,000	\$125,370	\$825,370	Ellis County
Falls County	HOTCOG							\$350,000									\$349,930		\$699,930	Falls County
Fannin County	TEXOMA										\$350,000								\$350,000	Fannin County
Fayette County	CAPCO								\$289,889										\$289,889	Fayette County
Fisher County	WCTCOG																\$329,610		\$329,610	Fisher County
Foard County	NORTEX				\$67,275														\$67,275	Foard County
Frio County	AACOG												\$115,000						\$115,000	Frio County
Gaines County	PBRPC							\$315,000											\$315,000	Gaines County
Galveston County	HGAC						\$299,600		\$350,000	\$350,000			\$350,000	\$350,000				\$350,000	\$2,049,600	Galveston County
Gillespie County	AACOG											\$99,644						\$350,000	\$449,644	Gillespie County
Goliad County	GCRPC											\$250,000			\$350,000				\$600,000	Goliad County
Gonzales County	GCRPC								\$150,130						\$325,000				\$475,130	Gonzales County
Hall County	PRPC						\$217,534												\$217,534	Hall County
Hamilton County	CTCOG						\$350,000										\$350,000		\$700,000	Hamilton County
Hardeman County	NORTEX				\$134,210														\$134,210	Hardeman County
Hardin County	SETRPC											\$289,700	\$271,595				\$350,000		\$911,295	Hardin County
Haskell County	WCTCOG															\$350,000		\$330,915	\$680,915	Haskell County
Hays County	CAPCO							\$350,000					\$217,790						\$567,790	Hays County
Hill County	HOTCOG																	\$700,000	\$700,000	Hill County
Jack County	NORTEX																	\$339,964	\$339,964	Jack County
Jasper County	DETCOG																\$350,000		\$350,000	Jasper County
Jefferson County	SETRPC														\$50,000		\$350,000		\$400,000	Jefferson County
Jim Hogg County	STDC										\$350,000								\$350,000	Jim Hogg County
Jones County	WCTCOG														\$350,000		\$530,042	\$880,042	Jones County	
Karnes County	AACOG											\$350,000							\$350,000	Karnes County
Kaufman County	NCTCOG																	\$95,816	\$95,816	Kaufman County
Kendall County	AACOG											\$350,000						\$350,000	\$700,000	Kendall County
Kerr County	AACOG												\$83,766						\$83,766	Kerr County
Kimble County	CVCOG						\$350,000				\$350,000								\$700,000	Kimble County
Kinney County	MRGDC								\$154,388										\$154,388	Kinney County
Knox County	WCTCOG															\$350,000			\$350,000	Knox County

County	COG	YR1992	YR1993	YR1994	YR1995	YR1996	YR1997	YR1998	YR1999	YR2000	YR2001	YR2002	YR2003	YR2004	YR2005	YR2006	YR2007	YR2008	Total	PLACE
La Salle County	MRGDC												\$225,284						\$225,284	La Salle County
Lamar County	ATCOG										\$165,025							\$154,958	\$319,983	Lamar County
Lampasas County	CTCOG			\$337,546														\$471,162	\$808,708	Lampasas County
Liberty County	HGAC	\$120,231			\$350,000				\$156,148	\$350,000				\$350,000			\$350,000		\$1,676,379	Liberty County
Limestone County	HOTCOG											\$209,540							\$209,540	Limestone County
Live Oak County	CBCOG												\$649,175						\$649,175	Live Oak County
Mason County	CVCOG						\$195,859												\$195,859	Mason County
Matagorda County	HGAC					\$300,000			\$183,171			\$225,280							\$708,451	Matagorda County
Maverick County	MRGDC													\$73,890			\$294,718		\$368,608	Maverick County
McCulloch County	CVCOG																	\$343,072	\$343,072	McCulloch County
McLennan County	HOTCOG																	\$477,132	\$477,132	McLennan County
Medina County	AACOG																	\$700,000	\$700,000	Medina County
Menard County	CVCOG																	\$82,933	\$82,933	Menard County
Milam County	CTCOG														\$350,000			\$234,446	\$584,446	Milam County
Mills County	CTCOG														\$350,000		\$350,000		\$700,000	Mills County
Montgomery County	HGAC					\$350,000													\$350,000	Montgomery County
Navarro County	NCTCOG							\$55,000									\$322,901	\$134,222	\$512,123	Navarro County
Newton County	DETCOG								\$244,800	\$209,300								\$350,000	\$804,100	Newton County
Nueces County	CBCOG							\$350,000											\$350,000	Nueces County
Orange County	SETRPC						\$350,000										\$350,000		\$700,000	Orange County
Parker County	NCTCOG									\$350,000				\$125,600					\$475,600	Parker County
Polk County	DETCOG				\$67,725				\$350,000									\$350,000	\$767,725	Polk County
Presidio County	RGCOG																\$350,000		\$350,000	Presidio County
Randall County	PRPC					\$350,000													\$350,000	Randall County
Real County	MRGDC					\$350,000			\$350,000		\$127,915		\$200,000		\$350,000			\$104,167	\$1,482,082	Real County
Red River County	ATCOG										\$327,158								\$327,158	Red River County
Robertson County	BVCOG													\$350,000					\$350,000	Robertson County
Runnels County	WCTCOG												\$350,000					\$142,404	\$492,404	Runnels County
San Augustine County	DETCOG															\$231,588			\$231,588	San Augustine County
San Jacinto County	DETCOG									\$350,000							\$350,000		\$700,000	San Jacinto County
San Patricio County	CBCOG												\$256,341						\$256,341	San Patricio County
San Saba County	CTCOG						\$300,000					\$240,039			\$350,000			\$301,246	\$1,191,285	San Saba County
Shackelford County	WCTCOG											\$321,600						\$159,964	\$481,564	Shackelford County
Shelby County	DETCOG																	\$350,000	\$350,000	Shelby County
Starr County	STDC																	\$350,000	\$350,000	Starr County
Stephens County	WCTCOG																	\$121,524	\$121,524	Stephens County
Swisher County	PRPC											\$350,000							\$350,000	Swisher County
Tom Green County	CVCOG							\$350,000											\$350,000	Tom Green County
Travis County	CAPCO									\$350,000									\$350,000	Travis County
Tyler County	DETCOG					\$350,000			\$336,584								\$350,000		\$1,036,584	Tyler County
Upshur County	ETCOG										\$350,000								\$350,000	Upshur County
Uvalde County	MRGDC									\$120,000		\$266,293		\$350,000				\$157,345	\$893,638	Uvalde County
Val Verde County	MRGDC								\$350,000									\$350,000	\$700,000	Val Verde County
Van Zandt County	ETCOG									\$350,000									\$350,000	Van Zandt County
Victoria County	GCRPC								\$270,000						\$350,000			\$257,007	\$877,007	Victoria County
Wharton County	HGAC								\$65,619						\$350,000				\$415,619	Wharton County
Wichita County	NORTEX																	\$160,556	\$160,556	Wichita County
Wilbarger County	NORTEX				\$350,000														\$350,000	Wilbarger County
Williamson County	CAPCO						\$925,570												\$925,570	Williamson County
Wilson County	AACOG	\$238,083	\$700,000						\$350,000		\$350,000	\$350,000		\$260,000			\$350,000		\$2,598,083	Wilson County
Wise County	NCTCOG					\$183,200								\$327,728				\$110,826	\$621,754	Wise County
Zavala County	MRGDC											\$350,000		\$88,233				\$350,000	\$788,233	Zavala County
Total by Year		\$358,314	\$1,400,000	\$687,546	\$1,239,210	\$2,383,200	\$4,238,563	\$1,420,000	\$4,668,162	\$3,129,300	\$3,322,700	\$4,702,096	\$3,565,784	\$3,384,542	\$4,573,360	\$1,611,128	\$5,857,583	\$11,051,767	\$57,593,254	



Top Funded Recipients: Cumulative 1992-2008

County	COG	Total
Wilson County	AACOG	\$2,598,083
Galveston County	HGAC	\$2,049,600
Liberty County	HGAC	\$1,676,379
Real County	MRGDC	\$1,482,082
Bandera County	AACOG	\$1,279,879
San Saba County	CTCOG	\$1,191,285
Tyler County	DETCOG	\$1,036,584
Callahan County	WCTCOG	\$928,132
Williamson County	CAPCO	\$925,570
Caldwell County	CAPCO	\$924,725

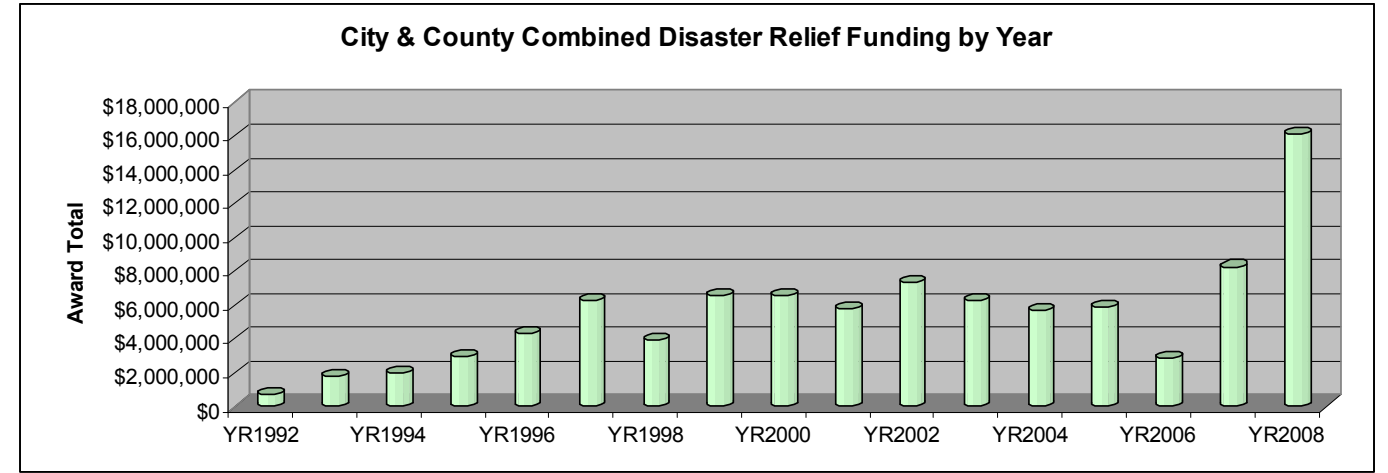
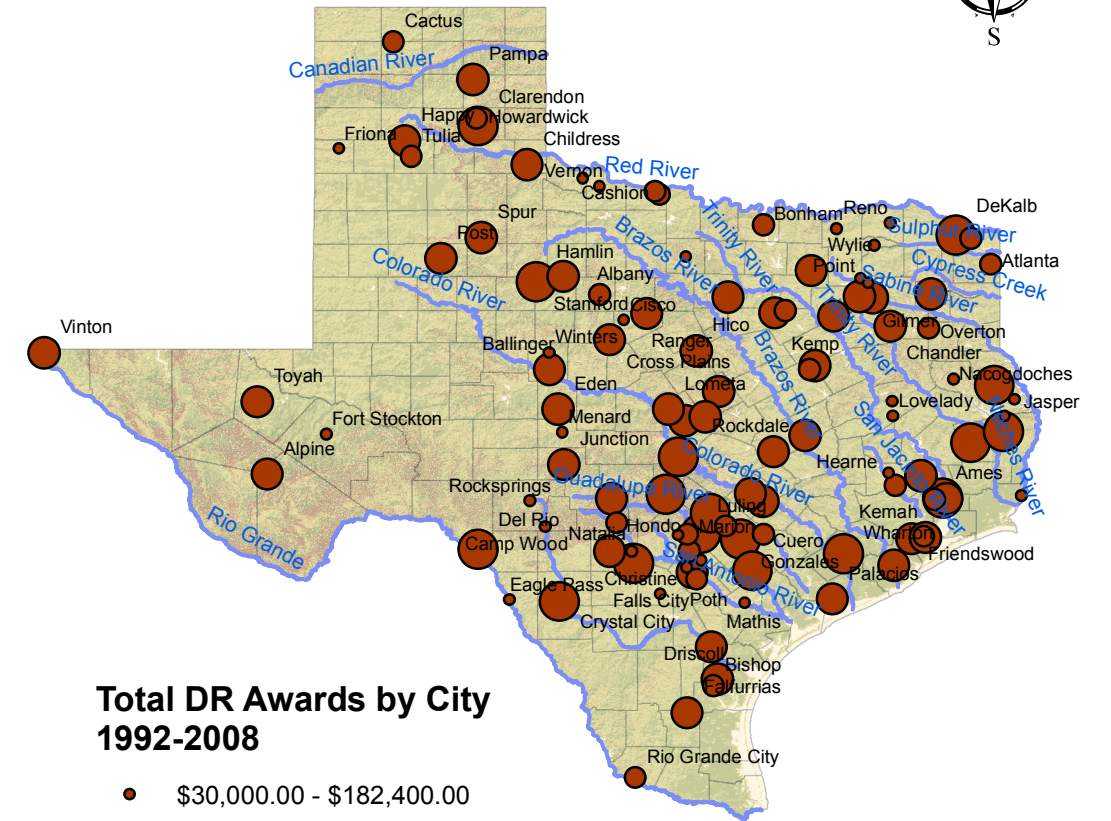
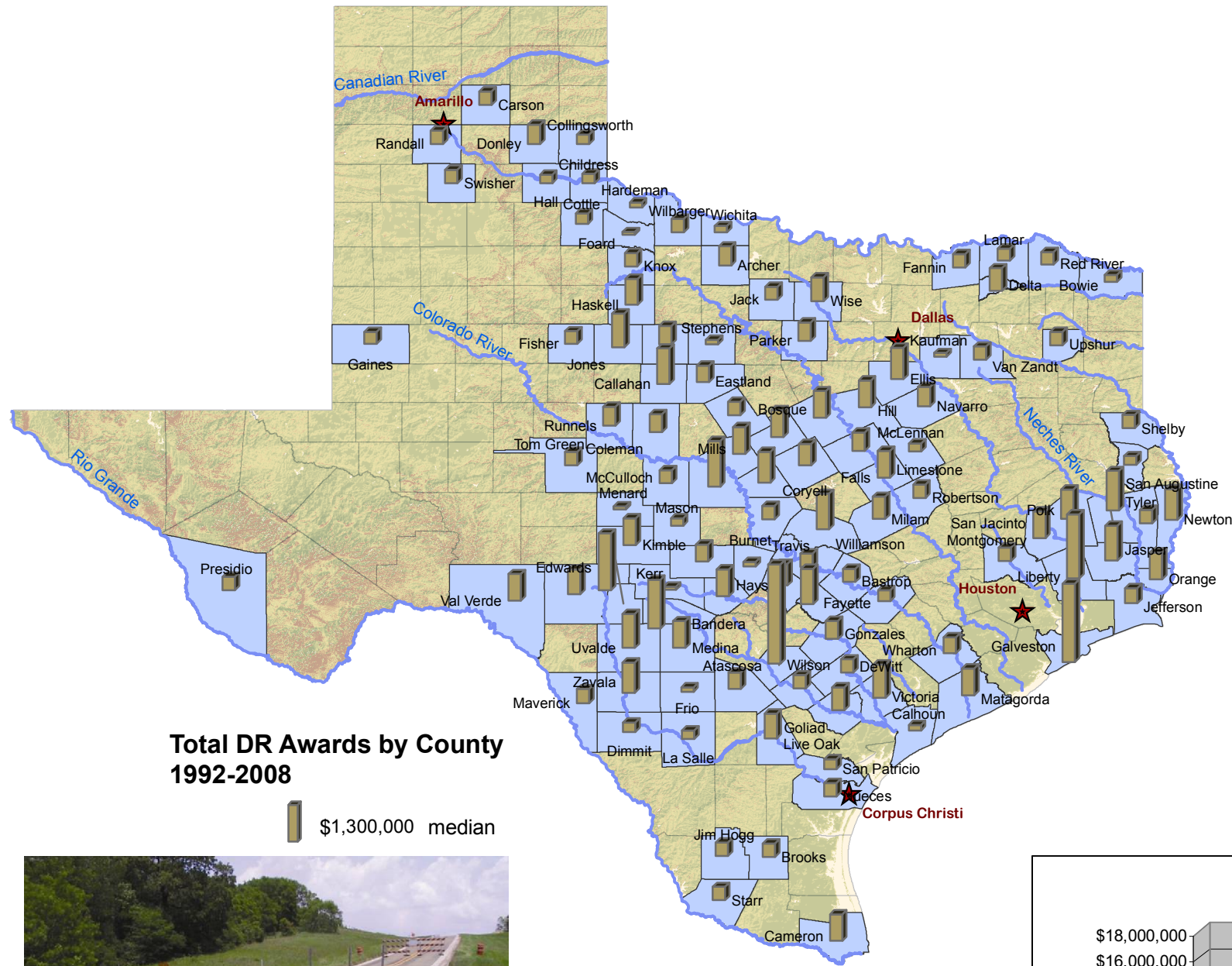
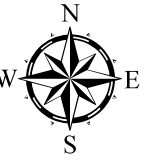
Top Funded Recipients: Cumulative 1992-2008

City	COG	Total
Del Rio	MRGDC	\$1,633,095
Marble Falls	CAPCO	\$1,050,000
Liberty	HGAC	\$1,041,220
Blanco	CAPCO	\$700,000
Clarendon	PRPC	\$700,000
Crystal City	MRGDC	\$700,000
Seguin	AACOG	\$694,929
Wharton	HGAC	\$607,535
Woodville	DETCOG	\$600,000
Martindale	CAPCO	\$597,400



Map generated by Monica Bosquez
Office of Rural Community Affairs, December 1, 2008
No claims are made to the accuracy or completeness of the
information shown herein nor to its suitability for a particular use.
The scale and location of all mapped data are approximate.

ORCA Disaster Relief Fund: 1992-2008



Map generated by Monica Bosquez
Office of Rural Community Affairs, December 1, 2008
No claims are made to the accuracy or completeness of the information shown herein nor to its suitability for a particular use.
The scale and location of all mapped data are approximate.

SUMMARY

Proposed Amendments to TxCDBG Programs Found in Title 10 Part 6 Chapter 255 of the Texas Administrative Code

Presented by Mark Wyatt*

DISCUSSION

The attached proposed amendment to the Texas Administrative Code would incorporate changes included the 2009 Texas CDBG Action Plan that the ORCA Executive Committee approved in December 2007. Program Year 2009 begins on February 1, 2009.

RECOMMENDATION

Staff recommends that the Board approve the publication of the proposed amendment in the Texas Register for public comment.

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)**

TITLE 10 COMMUNITY DEVELOPMENT
PART 6 OFFICE OF RURAL COMMUNITY AFFAIRS
CHAPTER 255 TEXAS COMMUNITY DEVELOPMENT PROGRAM
SUBCHAPTER A ALLOCATION OF PROGRAM FUNDS

Rules

- §255.1 General Provisions
- §255.2 Community Development Fund
- ~~§255.3~~ **Young v. Martinez Fund Repeal Rule**
- §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
- ~~§255.10~~ **Housing Fund Repeal Rule**
- §255.11 Small Towns Environment Program Fund
- ~~§255.12~~ **Microenterprise Fund Repeal Rule**
- ~~§255.13~~ **Small Business Fund Repeal Rule**
- ~~§255.14~~ **Section 108 Loan Guarantee Pilot Program Repeal Rule**
- ~~§255.15~~ **Community Development Supplemental Fund Repeal Rule**
- ~~§255.16~~ **Non-Border Colonia Fund Repeal Rule**
- §255.17 Renewable Energy Demonstration Pilot Program

RULE §255.1 General Provisions

(a) No Change

(b) Overview--Community Development Block Grant nonentitlement area funds are distributed by the TxCDBG to eligible units of general local government in the following program areas:

(1) community development fund;

(2) Texas Capital fund. The Texas Capital Fund (TCF) is administered by the TDA under an interagency agreement with the Office. Applications for the TCF shall be submitted to the TDA.

(3) planning/capacity building fund;

(4) disaster relief fund;

(5) urgent need fund;

(6) colonia fund;

~~(7) Young v. Martinez fund (discontinued after 2003 program year);~~

~~(8) housing fund (discontinued after 2004 program year);~~

~~(7)(9) small towns environment program fund;~~

~~(10) microenterprise fund (program income);~~

~~(11) small business fund (program income);~~

~~(12) section 108 loan guarantee pilot program;~~

~~(13) community development supplemental fund;~~

~~(14) non-border colonia fund;~~

~~(8)(15) renewable energy demonstration pilot program.~~

(c) Types of applications.

(1) Single jurisdiction applications. An applicant may submit one application per TxCDBG fund, as outlined in subsection (b) of this section, on its own behalf, or as a participant in a multi-jurisdictional application, per funding cycle (except as specified for the TCF, community development fund, housing fund, colonia fund, and small towns environment program fund).

(A) – (B) No Change.

~~(C) A county may submit a single jurisdiction application for a housing rehabilitation program that includes the rehabilitation of housing units in unincorporated areas and incorporated cities located in the county. The housing units that are rehabilitated under the county program must be located in unincorporated areas and in each incorporated city that is included as a participant in the county housing rehabilitation program. If a county submits a housing rehabilitation program application that includes the rehabilitation of housing units in incorporated cities, then the county cannot submit another single jurisdiction application or be a participating jurisdiction in a multi-jurisdiction application submitted under the same TxCDBG fund category.~~

~~(C) (D)~~ An application from an eligible city or county for a project that would primarily benefit another city or county that was not meeting the TxCDBG application threshold requirements would be considered ineligible.

(2) No Change.

(d) – (e) No Change.

(f) Citizen Participation.

(1) No Change.

(2) Application requirements. Prior to submitting a formal application, an applicant for TxCDBG funding shall satisfy the following requirements.

(A) – (E) No Change.

~~(F) The second public hearing for a housing infrastructure fund application must include a discussion with citizens on the proposed project, including the locations and the project activities, the amount of funds being requested, and the estimated amount of funds proposed for activities that will benefit low and moderate income persons. The published notice for this public hearing must include the location and hours when the application is available for review.~~

~~(E)~~ (G) Any public hearing held prior to submission of the application must be held after 5:00 p.m. on a weekday or at a convenient time on a Saturday or Sunday.

(3) – (5) No Change.

(g) Appeals. An applicant for funding under the TxCDBG 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) – (C) No Change.

(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, ~~community development supplemental fund~~ and planning/capacity building fund contract awards is published in the *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 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 small business fund, microenterprise fund, section 108 loan guarantee pilot program, non-border colonia fund, housing fund, colonia fund or Young v. Martinez fund application, the appeal must be submitted in writing to the Office no later than 30 days after the date the announcement of contract awards is published in the *Texas Register*.~~ 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 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 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) – (5) No change.

(h) – (i) No change.

(j) False information. If an applicant provides false information in its community development fund or planning/capacity building fund application which has the effect of increasing the applicant's competitive advantage, the number of beneficiaries, or the percentage of low to moderate income beneficiaries, the Office refers the matter to the state review committee for disciplinary action. If the applicant provides false information in a ~~small business fund, microenterprise fund, section 108 loan guarantee pilot program, non-border colonia fund, Young v. Martinez fund,~~ colonia fund, disaster relief fund, ~~housing fund,~~ small towns environment program fund, or urgent need fund application, the Office staff shall make a recommendation for action to the executive director of the Office. If the applicant provides false information in a TCF application, TDA staff shall make a recommendation for action to the appropriate executive director. The state review committee makes a recommendation for action to the executive director of the Office at its next regularly scheduled meeting. Documentation of false information must be submitted at least ten business days prior to the next regularly scheduled meeting of the state review committee to be considered at that meeting. Recommendations that the state review committee or executive director may make include, but are not limited to:

(1) – (3) No Change.

(k) Substitution of standardized data. Any applicant that chooses to substitute locally generated data for standardized information available to all applicants must use the survey instrument provided by the Office and must follow the procedures prescribed in the instructions to the survey instrument. This option does not apply to applications submitted to the TCF.

(1) – (3) No change.

(4) The applicant must demonstrate a 100% effort in contacting households to be surveyed and obtain at least an 80% response rate for surveys. ~~which include 150 or fewer beneficiary households or obtain at least a 70% response rate for surveys which include 151 or more beneficiary households.~~

(5) A survey that was completed on or after January 1, 2004 ~~January 1, 1993, or January 1, 1994, or January 1, 1995,~~ for a previous TxCDBG application may be accepted by the Office for a new application to the extent specified in the most recent application guide for the proposed project.

(l) – (r) No change.

(s) Funds recaptured from withdrawn awards. For an award that is withdrawn from an application, the Office follows different procedures for the use of those recaptured funds depending on the fund category where the award is withdrawn.

(1) – (2) No change.

~~–(3) Funds recaptured under the housing rehabilitation 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 housing rehabilitation~~

~~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 are then subject to the procedures described in subsection (1) of this section.~~

~~(3)~~(4) Funds recaptured under the colonia 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 TxCDBG fund categories. Remaining unallocated funds are then subject to the procedures in subsection (1) of this section.

~~(4)~~(5) Funds recaptured under the colonia planning 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 TxCDBG fund categories. Remaining unallocated funds are then subject to the procedures in subsection (1) of this section.

~~(5)~~(6) Funds recaptured under the program year allocation for the colonia economically distressed areas program fund from the withdrawal of an award remain available to potential colonia economically distressed areas program fund applicants during that program year. Any funds remaining from the program year allocation that are not used to fund colonia economically distressed areas program fund applications within twelve months after the Office 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 TxCDBG fund categories. Remaining unallocated funds are then subject to the procedures in subsection (1) of this section.

~~(7) Funds recaptured under the housing infrastructure fund from the withdrawal of an award are subject to the procedures described in subsection (1) of this section.~~

~~(6)~~(8) 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 subsection (1) of this section.

~~(7)~~(9) Funds recaptured under the small towns environment program fund (STEP) 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 recaptured funds would be available for other TxCDBG fund categories. Any unallocated STEP funds are subject to the procedures described in subsection (1) of this section.

~~(10) Funds recaptured under the microenterprise loan fund from the withdrawal of an award are subject to the procedures described in subsection (1) of this section.~~

~~(11) Funds recaptured under the small business loan fund from the withdrawal of an award are subject to the procedures described in subsection (1) of this section.~~

~~(8)(12)~~ Funds recaptured under the Texas Capital Fund from the withdrawal of an award are subject to the procedures described in subsection (l) of this section.

~~(13) Funds recaptured under the community development supplemental 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 supplemental 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 supplemental 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 TxCDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in subsection (l) of this section. This process would also apply to an application under the community development supplemental fund that received a portion of its funds from community development marginal funds. The community development marginal funds would be provided to the replacement application.~~

~~(9)(14)~~ For both the community development fund and community development supplemental fund (including applications funded with a portion from each of the two funds), 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 are considered as deobligated funds, subject to the procedures described in subsection (l) of this section.

~~(15) Funds recaptured under the Non-border Colonia Fund from the withdrawal of an award remain available to potential Non-Border Colonia Fund applicants during that program year and, if unallocated within the non-border colonia fund, may be used for other TxCDBG fund categories. Remaining unallocated funds are then subject to the procedures described in subsection (l) of this section.~~

(t) – (aa) No Change.

RULE §255.2 Community Development Fund

(a) General provisions. This fund covers housing, public facilities, and public service projects. Eligible units of general local government may apply for funding of a single purpose project such as housing assistance, sewer improvements, water improvements, drainage, roads, or community centers, or for a multi-purpose project which consists of any combination of such eligible activities. An application submitted for the community development fund can receive a grant from the community development fund regional allocation and/or from the community development supplemental fund regional allocation.

(1) An applicant may not submit a single jurisdiction application or be a participant in a multi-jurisdiction application under this fund and also submit a single jurisdiction application or be a participant in a multi-jurisdiction application submitted under any other TxCDBG fund category at the same time if the proposed activity under each application is the same or substantially similar. ~~However, an application submitted for the community development fund is also considered for the regional allocation for the community development supplemental fund.~~

(2) – (3) No change.

(b) Funding cycle. This fund is allocated to eligible units of general local government on a biennial basis for the ~~2009 and 2010~~ ~~2007 and 2008~~ program years pursuant to regional competitions held for the ~~2009~~ ~~2007~~ program year applicants. Applications for funding must be received by the TxCDBG by the dates and times specified in the most recent application guide for this fund.

(c) Allocation plan.

(1) This fund is allocated among the 24 state planning regions established pursuant to Texas Local Government Code, §391.003, by a formula based on the following factors and weights:

- (A) number of persons living in poverty--25%
- (B) percentage of persons living in poverty--25%
- (C) population--30%
- (D) number of unemployed persons--10%
- (E) unemployment rate--10%

(2) Each state planning region is provided with a ~~2009~~ ~~2007~~ program year community development fund target ~~allocation and an additional 2007 program year community development supplemental fund target allocation~~ and a ~~2010~~~~2008~~ program year community development fund target allocation ~~and an additional 2008 program year community development supplemental fund target allocation~~ for applications in the region that are ranked through the ~~2009~~ ~~2007~~ program year regional competitions in accordance with a shared scoring system involving the Office and the regional review committees. ~~The regional allocation formula for the community development supplemental fund is described in §255.15(c) of this title (relating to Community Development Supplemental Fund).~~

(A) The community development fund regional allocations for the first and second years of the biennial process are awarded first in each region based on the community development fund selection criteria that includes each regional review committee and the Office (10% of maximum possible score for each RRC) scoring criteria. ~~the 700 available points that are awarded by the Office (350 points) and each regional review committee~~

~~(350 points).~~ Where the remainder of the ~~2009~~2007 program year community development fund target allocation is insufficient to completely fund the next highest ranked applicant, the applicant receives complete funding of the original grant request through either ~~2009~~2007 and ~~2010~~2008 program year funds. ~~Where the remainder of the 2006 program year community development fund target allocation is insufficient to completely fund the next ranked application, the Office works with the affected applicant to determine whether partial funding is feasible. If partial funding is not feasible, the~~ The remaining funds from all the target allocations are pooled to fund projects from among the highest ranked, unfunded applications from each of the 24 state planning regions. Selection criteria for such applications will consist of the selection criteria scored by the Office under this fund. Marginal applicants' community distress scores are recomputed based on the applicants competing in the marginal pool competition only.

~~(B) The remaining applicants in the region that are not recommended to receive awards from the community development fund 2007 and 2008 regional allocations are then ranked to receive the community development supplemental fund regional allocations for the first and second years of the biennial process based on the community development supplemental fund selection criteria that includes the 360 available points that are awarded by the Office (10 points based on the applicant's past performance on previously awarded TxCDBG contracts) and each regional review committee (350 points).~~

~~—(C) The community development fund marginal funds available from the 2008 regional allocation may be used to fund an application that is recommended to receive only a portion of the original grant request from the community development supplemental fund regional allocation.~~

~~—(D) If there are insufficient funds available from the first year's community development supplemental fund regional allocation to fully fund an application, then the applicant may accept the amount available or wait for full funding in the second year by combining the regional allocations available for the two years.~~

~~—(E) If there are insufficient funds available from the 2005 and 2006 community development supplemental fund regional allocations, then any funds available from the 2006 community development fund regional allocation marginal funds may be used to fully fund the application. If marginal funds are not available to fully fund the application, the applicant may accept the amount of the funds available or, if declined, the funds will be part of the marginal competition.~~

(B) Due to the two-year funding cycle proposed for program years 2009 and 2010, a Community Development Fund pooled marginal competition 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 with the following adjustments

(i) Past Selection (10 points) – 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;

(ii) Past Performance (25 points) – Up to 25 points;

(iii) Community Distress (55 points) -- 55 Points Maximum (Percentage of persons living in poverty 25 points; Per Capita Income 20 points; Unemployment Rate 10 points)

~~(3) Each regional review committee may allocate approximately 8%, or a greater or lesser percentage, of its community development fund allocation to housing projects proposed in and for that region. Under a housing allocation, the highest ranked applications for housing activities, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing allocation level. If the regional review committee allocates a percentage the region's funds to housing and applications conforming to the maximum and minimum amounts are not received to use the entire housing allocation, the remaining funds may be used for other eligible activities.~~

(3) Each Regional Review Committee 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 nonborder 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.)

(d) Selection procedures.

(1) Prior to the submission deadline specified in the most recent application guide for this fund, each eligible unit of general local government may submit one application to the Office for funding under the ~~combined~~ community development fund ~~and community development supplemental fund~~ regional allocations. Two copies of the application must be submitted to the Office. ~~Each applicant must also provide at least one copy of its application to the applicant's regional review committee within three weeks after the Office submission deadline.~~

(2) Upon receipt of an application, the Office staff performs an initial review to determine whether the application is complete and whether all proposed activities are eligible for funding, if ranked. The results of this initial review are provided to the applicant. If not subject to disqualification, the applicant may correct any deficiencies identified within 10 calendar days of the date of the staff's notification.

(3) Each Regional Review Committee is responsible for determining local project priorities and objective factors for all its scoring components based on public input. 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. 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. 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.)

(4) The RRC shall select one of the following entities to develop the RRC Guidebook, calculate the RRC scores, and provide other administrative RRC support: Regional Council of Governments (COG), or TxCDBG staff or TxCDBG designee, or A combination of COG and TxCDBG staff or TXCDBG designee.

(5)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. The Office 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.

~~(3) Each regional review committee shall hold a scoring meeting in accordance with the procedures specified in the Office's regional review committee guidebook and in accordance with the procedures and priorities previously established by each regional review committee. Each regional review committee must provide every applicant within its region with an opportunity to make a presentation before the regional review committee. The regional review committee will then score the regional review committee scoring factors.~~

~~-(4) Following the resolution of any appeals from actions of the regional review committees as specified in §255.8 of this title (relating to Regional Review Committees) the Office adds scores relating to community distress, benefits to low and moderate-income persons, project impact, other considerations, and match to the regional review committees' scores to determine regional rankings. Scores on the factors in these categories are derived from standardized data from the U.S. Census Bureau, Texas Workforce Commission, and from information provided by the applicant.~~

~~(6)~~(5) Following a final technical review, the Office staff presents the funding recommendations for the 2009 and 2010 ~~2007 and 2008~~ community development fund ~~and community development supplemental fund~~ regional allocations to the state review

committee. Office staff makes a site visit to each of the applicants recommended for funding prior to the completion of contract agreements.

~~(7)(6)~~ In consultation with the executive director and TxCDBG office staff, the state review committee reviews and approves grant and loan applications and associated funding awards of eligible counties and municipalities.

~~(8)(7)~~ 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.

~~(9)(8)~~ Upon announcement of the ~~2009 and 2010~~ ~~2007~~ program year contract awards, the Office staff works with recipients to execute the contract agreements. While the award must be based on the information provided in the application, the Office may negotiate any element of the contract with the recipient as long as the contract amount is not increased and the level of benefits described in the application is not decreased. The level of benefits may be negotiated only when the project is partially funded with the remainder of the target allocation within a region.

~~(9) Upon announcement of the 2006 program year contract awards, the Office staff works with recipients to execute the contract agreements. While the award must be based on the information provided in the application, the Office may negotiate any element of the contract with the recipient as long as the contract amount is not increased and the level of benefits described in the application is not decreased. The level of benefits may be negotiated only when the project is partially funded with the remainder of the target allocation within a region.~~

(e) Selection criteria. The following is an outline of the selection criteria used by the Office and the regional review committees for scoring applications under the community development fund. ~~Seven hundred points are available.~~

(1) Regional Review Committee (RRC) Objective Scoring-Each Regional Review Committee is responsible for determining local project priorities and objective factors for all its scoring components based on public input.

(A) 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.

(B) 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.

(i) 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.

(ii) 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.)

(2) State Scoring (TxCDBG Staff Scoring) - Other Considerations – Maximum Points - 10% of Maximum Possible Score for Each RRC

(A) 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.

(B) 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:

(i) The applicant's completion of the previous contract activities within the original contract period.

(ii) The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports.

(iii) The applicant's submission of the required close-out documents within the period prescribed for such submission.

(iv) The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.

(v) The applicant's timely response to audit findings on previous Tx CDBG contracts.

(vi) The expenditure timeframes on the applicable TXCDBG contracts.

(C) 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.

(D) 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%.

(E) 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.

(F) 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.

(G) The RRC may not adopt scoring factors that directly negate or offset these state factors.

(f) If the Regional Review Committee for a region fails to adopt an Objective Methodology for the Program Year 2009 and 2010 Community Development Fund the following scoring criteria will apply: The RRC's Project Priorities taken from the TxCDBG-approved RRC Scoring Guidelines for the region for the 2007-2008 CD/CDS cycle.

(1) Regional Review Committee Project Priorities (100 points) 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.)

(2) (+) Community distress (total--55 points). All community distress factor scores are based on the population of the applicant. An applicant that has 125% or more of the average of all applicants in its region of the rate on any community distress factor, except per capita income, receives the maximum number of points available for that factor. An applicant with less than 125% of the average of all applicants in its region on a factor will receive a proportionate share of the maximum points available for that factor. An applicant that has 75% or less of the average of all applicants in its region on the per capita income factor will receive the maximum number of points available for that factor:

(A) percentage of persons living in poverty--25

(B) per capita income--20

(C) unemployment rate--10

(3)(2) Benefit to low- and moderate-income persons (total--~~20~~40 points). 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. An application in which at least 60% of the Texas Community Development Block Grant Program funds requested benefit low and moderate income persons receives 40 points.

(4)(3) Project impact (total--175 points).

(A) Information submitted in the application or presented to the Regional Review Committees is used by a committee composed of TxCDBG staff to generate scores on the

Project Impact factor. Multi-activity projects which include activities in different scoring ranges receive a combination score within the possible range. Each application is scored by a committee composed of TxCDBG 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: ~~Each application is scored within a point range based on the application activities. Multi-activity projects which include activities in different scoring ranges will receive a combination score within the possible range. Information submitted in the application or presented to the regional review committees is used by a committee composed of staff of the Office to generate scores on this factor. The point ranges used for project impact scoring are as follows:~~

(i) - (xiii) No change.

(4) Matching Funds (total--60 points). An applicant's matching share may consist of one or more of the following contributions: cash; in-kind services or equipment use; materials or supplies; or land. An applicant's match is considered only if the contributions are used in the same target areas for activities directly related to the activities proposed in its application; if the applicant demonstrates that its matching share has been specifically designated for use in the activities proposed in its application; and if the applicant has used an acceptable and reasonable method of valuation. The population category under which county applications are scored depends on the project type and the beneficiary population served. If the project benefits residents of 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 residents of the entire unincorporated area of the 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 participating applicants according to the 2000 census. Applications for housing rehabilitation and for affordable new permanent housing for low- and moderate-income persons receive the 60 points without including any matching funds. This exception is for housing activities only. Sewer or water service line/connections are not counted as housing rehabilitation. Demolition/clearance and code enforcement, when done in the same target area are counted as part of the housing rehabilitation activity. When demolition/clearance and code enforcement are proposed without housing rehabilitation activities, then the match score is still based on actual matching funds committed by the applicant. Applications which include additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities. Program 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 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 terms used in this paragraph are further defined in the current application guide for this fund.

(A) Applicants with populations equal to or less than 1,500 according to the 2000 census:

- (i) match equal to or greater than 5.0% of grant request—60 [points](#);
- (ii) match at least 4.0% but less than 5.0% of grant request--40 [points](#);
- (iii) match at least 3.0% but less than 4.0% of grant request--20 [points](#);
- (iv) match at least 2.0% but less than 3.0% of grant request--10 [points](#);
- (v) match less than 2.0% of grant request--0 [points](#).

(B) Applicants with populations equal to or less than 3,000 but over 1,500 according to the 2000 census:

- (i) match equal to or greater than 10% of grant request--60 [points](#);
- (ii) match at least 7.5% but less than 10% of grant request--40 [points](#);
- (iii) match at least 5.0% but less than 7.5% of grant request--20 [points](#);
- (iv) match at least 2.5% but less than 5.0% of grant request--10 [points](#);
- (v) match less than 2.5% of grant request--0 [points](#).

(C) Applicants with populations equal to or less than 5,000 but over 3,000 according to the 2000 census:

- (i) match equal to or greater than 15% of grant request--60 [points](#);
- (ii) match at least 11.5% but less than 15% of grant request--40 [points](#);
- (iii) match at least 7.5% but less than 11.5% of grant request--20 [points](#);
- (iv) match at least 3.5% but less than 7.5% of grant request--10 [points](#);
- (v) match less than 3.5% of grant request--0 [points](#).

(D) Applicants with populations over 5,000 according to the 2000 census:

- (i) match equal to or greater than 20% of grant request--60 [points](#);
- (ii) match at least 15% but less than 20% of grant request--40 [points](#);
- (iii) match at least 10% but less than 15% of grant request--20 [points](#);
- (iv) match at least 5.0% but less than 10% of grant request--10 [points](#);
- (v) match less than 5.0% of grant request--0 [points](#).

(5) Other considerations (total-- ~~40~~20 points). An applicant receives up to ~~40~~20 points on the following three factors.

(A) Past Selection (10 points) – 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.

(B) Past Performance (total -- 20 points). An applicant can receive from thirty (30) to zero (0) points based on the applicant's past performance on previously awarded TxCDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's most recent TxCDBG contract that has reached the end of the original contract period stipulated in the contract within the past 4 years. The TxCDBG will also assess the applicant's performance on existing TxCDBG contracts that have not reached the end of the original contract period. Applicants that have never received a TxCDBG grant award will automatically receive these points. The TxCDBG will assess the applicant's performance on TxCDBG 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:

~~An applicant receives from zero to ten points based on the applicant's past performance on previously awarded TxCDBG contracts. The applicant's score will primarily be based on an assessment of the applicant's performance on the applicant's two most recent TxCDBG contracts that have reached the end of the original contract period stipulated in the contract. TxCDBG staff may also assess the applicant's performance on existing TxCDBG contracts that have not reached the end of the original contract period. An applicant that has never received a TxCDBG grant award will automatically receive these points. TxCDBG staff will assess the applicant's performance on TxCDBG contracts up to the application deadline date. The applicant's performance on TxCDBG contracts 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:~~

(i) The applicant's completion of the previous contract activities within the original contract period.

(ii) The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports.

~~(iii)(ii)~~ The applicant's submission of the required close-out documents within the period prescribed for such submission.

~~(iv)(iii)~~ The applicant's timely response to monitoring findings on previous TxCDBG contracts especially any instances when the monitoring findings included disallowed costs.

~~(v)(iv)~~ The applicant's timely response to audit findings on previous TxCDBG contracts.

~~(v) The applicant's submission of all contract reporting requirements such as quarterly progress reports, certificates of expenditures, and project completion reports.~~

(vi) The expenditure timeframes on the applicable TXCDBG contracts.

(C) Cost per Household (total -- 10 points). 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 beneficiary. (Use pro rata allocation for multiple activities.) 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.

(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 --0 points.

~~(6) Regional scoring factors (total—350 points). Each regional review committee shall use the following three factors to score applications in its region:~~

~~—(A) Project priorities. Each regional review committee shall rank and assign points to categories of eligible activities based on the priority of such projects in the region. The first priority shall receive at least 100 points.~~

~~—(B) Local effort. A minimum of 75 points shall be made available based on definitions and criteria adopted by each regional review committee. The regional review committee must establish the methods its members will use to score this factor, consistent with HUD regulations as determined by TxCDBG.~~

~~—(C) Merits of the project. A maximum of 175 points shall be awarded based on definitions and criteria adopted by each regional review committee. The regional review committee must establish the methods its members will use to score this factor, consistent with HUD regulations as determined by TxCDBG.~~

~~(f) Project impact scoring. Information submitted in the application and information presented to each Regional Review Committee and the TxCDBG will be used by ORCA staff to generate scores on the Project Impact factor. The maximum Project Impact score is 175 points and an applicant can receive a score as low as 85 points. Scoring ranges have been established for eligible activities. A weighted average is used to assign scores to applications that include activities in the different Project Impact scoring levels. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for engineering and administration, a percentage of the total TxCDBG construction and acquisition dollars for each activity will be calculated. The percentage of the total TxCDBG construction dollars for each activity will then be multiplied by the appropriate Project Impact point level. The sum of these calculations determines the composite Project Impact score.~~

~~—(1) Supplemental information may be presented orally to the RRC during the RRC scoring meeting. But any additional information that an applicant wishes to submit for Project Impact scoring consideration, must be submitted in a written/printed format. Additional written/printed information presented to the RRC or the TxCDBG will be accepted up to the date of each RRC scoring meeting. The additional information must be presented to the TxCDBG representative attending the RRC scoring meeting or received in the TxCDBG office by the date of the RRC scoring meeting. Information received by the RRC or the TxCDBG after the date of the RRC scoring meeting will not be considered by the TxCDBG in the scoring of this factor.~~

~~—(2) The score for water and sewer activities that benefit privately owned for-profit water and sewer systems will be reduced by five points, except for instances when a Project Impact score is specifically assigned to a water or sewer activity that is provided through a privately owned for-profit utility.~~

~~—(3) Water, sewer and housing activities—145 to 175 points.~~

~~—(A) Water activities.~~

~~—(i) First-time public water service to an area that includes more than 25 new residential connections—169 points~~

~~—(ii) Project addressing situation that meets TxCDBG urgent need criteria with back-up letter from the Texas Department of State Health Services or other applicable state agency citing the conditions creating the threat to public health and safety—169 points~~

- ~~—(iii) First-time public water service to an area that includes 11 to 25 new residential connections—167 points~~
- ~~—(iv) Applicant is addressing deficiencies cited in an active Agreed Order/Enforcement Order with fines included (application must indicate whether cited violation has been resolved)—164 points~~
- ~~—(v) Applicant is addressing deficiencies cited in an active Agreed Order/Enforcement Order without fines included (application must indicate whether cited violation has been resolved)—164 points~~
- ~~—(vi) First-time public water service to an area that includes 10 or fewer new residential connections—164 points~~
- ~~—(vii) Addressing drought conditions through additional water supply or water storage and water system is on the TCEQ drought watch list within the last 4 months prior to the application due date), and the supply problems are not related to substantial water loss from deteriorated lines (must include with the application the notice to citizens and the criteria used to be on the drought list)—161 points~~
- ~~—(viii) First-time water service to an area through a privately owned for-profit—161 points~~
- ~~—(ix) Water supply/treatment improvements that are still needed to meet state minimum standards cited in the most recent TCEQ water system inspection letter—165 points~~
- ~~—(x) Water storage improvements that are still needed to meet state minimum standards cited in the most current TCEQ water system inspection letter—158 points~~
- ~~—(xi) Replacing undersized water lines and removing the presence of lead, or contamination that has a regulatory standard to meet state minimum water pressure standards cited in the most recent TCEQ water system inspection letter and the conditions cited still exist—158 points~~
- ~~—(xii) Addressing drought conditions by replacing water lines that contribute to a significant loss of water supply; provided the water supply loss is documented by the applicant and the water system is on the current TCEQ drought watch list (within the last 4 months prior to the application due date. Must include with the application the notice to citizens and criteria used to be on the drought list)—157 points~~
- ~~—(xiii) Water storage improvements to meet state minimum standards, documented through independent quantifiable information, and the conditions still exist—155 points~~
- ~~—(xiv) Water supply/treatment improvements to meet state minimum standards, documented through independent quantifiable information, and the conditions still exist—155 points~~
- ~~—(xv) Replacement of water lines with larger diameter water lines to meet minimum state standards for water pressure cited in the most recent TCEQ water system inspection letter, and the conditions cited still exist—155 points~~
- ~~—(xvi) Replacement of water lines with larger diameter water lines to meet minimum state standards for water pressure and/or number of connections and documented through independent quantifiable information, and the conditions still exist—153 points~~
- ~~—(xvii) Water supply, storage or treatment improvements without independent quantifiable information or a TCEQ water system inspection letter documenting that the activity is addressing state minimum standards—149 points~~

~~—(xviii) Replacement of water lines with larger diameter water lines to improve service without independent quantifiable information or a TCEQ water system inspection letter documenting that the replacement activity is addressing state minimum standards—148 points~~

~~—(xix) Replacement of water lines with the same diameter size water lines—147 points~~

~~—(xx) Water service problems associated with written complaints not addressed elsewhere in this section—146 points~~

~~—(xxi) Other eligible water activities—145 points~~

~~—(xxii) Water supply is defined as reservoirs (lakes (surface water), aquifers) or ground storage reservoirs, wells, or an independent wholesale supplier that feeds into treatment facilities (conveyance to plant).~~

~~—(B) Additional subjective considerations for water activities:~~

~~—(i) Consideration will be given to those water systems that have agreed to undertake improvements to their systems at TCEQ's recommendation but are not under an enforcement order because of this agreements—1 to five points~~

~~—(ii) How the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction. First time service would score high in the range—1 to 5 points~~

~~—(iii) Water 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). Installation of water lines to loop the water system would be considered, however it would not receive points if also scored based on TCEQ enforcement or citations. For water projects addressing state regulatory compliance issues, the extent to which the issue was unforeseen (based on information included in state regulatory documentation or notifications to the applicant) will be considered—1 to 3 points~~

~~—(iv) Projects designed to conserve water usage may be given additional consideration—2 points if addressing drought conditions and on the TCEQ drought watch list (within the last 3 months prior to the application due date)—1 to 2 points~~

~~—(v) 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)—2 points~~

~~—(vi) Projects that consider the Office's Community Viability Index in establishing the issues to be addressed (a single or multi-jurisdictional application can receive a total of one point)—1 point~~

~~—(C) Sewer activities:~~

~~—(i) First-time public sewer service to an area that includes more than 25 new residential connections—169 points~~

~~—(ii) Project addressing situation that meets TxCDBG urgent need criteria with back-up letter from the Texas Department of State Health Services or other applicable state agency citing the conditions creating the threat to public health and safety—169 points~~

~~—(iii) Applicant is addressing deficiencies cited in an active Agreed Order/Enforcement Order with fines included—167 points~~

~~—(iv) First-time public sewer service to an area that includes 11 to 25 new residential connections—167 points~~

- ~~—(v) First time public sewer service to an area that includes 10 or fewer new residential connections—164 points~~
- ~~—(vi) Applicant is addressing deficiencies cited in an active Agreed Order/Enforcement Order without fines included—164 points~~
- ~~—(vii) Installation of septic tanks or on-site sewer facilities to provide first-time sewer service—162 points~~
- ~~—(viii) Applicant is addressing deficiencies cited in the most recent TCEQ sewer system notice of violations letter and the conditions cited still exist—156 points~~
- ~~—(ix) First-time sewer service to an area through a privately-owned-for-profit utility—161 points~~
- ~~—(x) Applicant is expanding the sewer treatment plant in response to the most recent TCEQ letter stating that sewer system has reached 90% of treatment capacity and the conditions cited still exist—161 points~~
- ~~—(xi) Applicant is expanding the sewer treatment plant in response to the most recent TCEQ letter stating that sewer system has reached 75% of treatment capacity and the conditions cited still exist—158 points~~
- ~~—(xii) Replacing lift stations to address inflow and infiltration problems in response to the most recent TCEQ notice of violations letter citing the problem or documented through independent quantifiable information and the conditions cited still exist—157 points~~
- ~~—(xiii) Replacement of sewer lines with new sewer lines to address sewer system overflows, blocked sewer lines, replacement of lift stations with new lift stations to address sewer system unauthorized discharges rather than inflow and infiltration problems or septic tank replacement to address problems based on independent quantifiable information—154 points~~
- ~~—(xiv) New sewer treatment plant or expansion of existing sewer treatment plant with independent quantifiable information to provide capacity for first-time sewer services in the same application—164 points~~
- ~~—(xv) Replacement of sewer lines with new sewer lines to address sewer system overflows, blocked sewer lines, or inflow and infiltration problems or septic tank replacement to address problems without independent quantifiable information or without a TCEQ letter documenting the problems still exist—150 points~~
- ~~—(xvi) Replacement of lift stations with new lift stations without independent quantifiable information or without a TCEQ letter documenting the problems still exist—148 points~~
- ~~—(xvii) New sewer treatment plant or expansion of the existing sewer treatment plant without independent quantifiable information or without a TCEQ letter documenting need for the new plant (one point extra if permit has been obtained)—149 points~~
- ~~—(xviii) Sewer service problems associated with written complaints not covered elsewhere in this section—146 points~~
- ~~—(xix) Other eligible sewer activities—145 points~~
- ~~—(xx) New treatment facilities needed to replace failing treatment structure—162 points~~
- ~~—(xxi) Installation of approved residential on-site wastewater disposal systems for failing systems that cause health issues—157 points~~

~~—(xxii) New sewer treatment plant or expansion of the existing sewer treatment plant with independent quantifiable information or with a TCEQ letter documenting the need for the new plant (one point extra if permit is obtained)—157 points~~

~~—(D) Additional subjective considerations for sewer/wastewater activities.~~

~~—(i) Consideration will be given to those 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—1 to 5 points~~

~~—(ii) How the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction may be given additional consideration. First-time service would score high in the range—1 to 7 points~~

~~—(iii) Sewer projects from applicants that demonstrate 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). The applicant would not receive points of this criterion is scored under a category for TCEQ enforcement or citations. For sewer projects addressing state regulatory compliance issues, the extent to which the issue was unforeseen (based on information included in state and regulatory documentation or notifications to the applicant) may also be considered—2 points~~

~~—(iv) 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)—2 points~~

~~—(v) Projects that consider the Office's Community Viability Index in establishing the issues to be addressed (a single or multi-jurisdiction application can receive a total of one point)—1 point~~

~~—(E) Housing activities.~~

~~—(i) Housing rehabilitation addressing all housing code violations and housing guidelines will include preference to making housing units accessible for persons with disabilities—166 points~~

~~—(ii) Housing rehabilitation addressing all housing code violations that do not include a preference to making housing units accessible for persons with disabilities—164 points~~

~~—(iii) Construction of new housing, when eligible, for low and moderate income persons—146 points~~

~~—(iv) Provision of direct assistance (such as down-payment assistance) to facilitate and expand homeownership among persons of low and moderate income—162 points~~

~~—(v) Acquisition of existing housing units that will be renovated and then made available to low and moderate income persons—161 points~~

~~—(vi) Housing rehabilitation addressing all housing code violations that include code enforcement and/or demolition clearance activities and housing guidelines will include a preference to making housing units accessible for persons with disabilities—169 points~~

~~—(vii) Housing rehabilitation that is not addressing all housing code violations and housing guidelines will include preference to making housing units accessible for persons with disabilities—153 points~~

~~—(viii) Housing rehabilitation that is not addressing all housing code violations—149 points~~

~~—(ix) Other eligible housing activities—145 points~~

~~—(F) Additional subjective considerations for housing activities.~~

- ~~—(i) How the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction—1 to 5 points~~
- ~~—(ii) 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)—1 point~~
- ~~—(iii) Projects that consider the Office's Community Viability Index in establishing the issues to be addressed (a single or multi-jurisdiction application can receive a total of one point)—1 point~~
- ~~—(4) Eligible public facilities located in a Defense Economic Readjustment Zone—145 to 175 points.~~
- ~~—(A) Public facilities projects located in a Defense Economic Readjustment Zone—169 points~~
- ~~—(B) Additional subjective consideration for eligible facilities located in a Defense Economic Readjustment Zone.~~
- ~~—(i) How the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction—1 to 5 points~~
- ~~(ii) 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)—2 points~~
- ~~—(iii) Projects that consider the Office's Community Viability Index in establishing the issues to be addressed (a single or multi-jurisdictional application can receive a total of one point)—1 point~~
- ~~—(5) Street paving, drainage, flood control and handicapped accessibility—130 to 160 points.~~
- ~~—(A) Street paving activities.~~
- ~~—(i) Installation of road base, asphalt or concrete surface pavement, concrete curb and gutter and storm drainage on existing unpaved streets—155 points~~
- ~~—(ii) Installation of road base, asphalt or concrete surface pavement, and drainage structures on existing unpaved streets—153 points~~
- ~~—(iii) Construction of new streets that include installation of road base, asphalt or concrete surface pavement, and concrete curb and gutter—155 points~~
- ~~—(iv) Installation of road base, asphalt or concrete surface pavement, and roadside ditch improvements on existing unpaved streets—151 points~~
- ~~—(v) Construction of new streets that include installation of road base and asphalt or concrete surface pavement—146 points~~
- ~~—(vi) Installation of asphalt or concrete surface pavement on existing unpaved streets—144 points~~
- ~~—(vii) Reconstruction of existing paved streets—135 points~~
- ~~—(viii) Other eligible street paving activities—130 points~~
- ~~—(B) Drainage activities.~~
- ~~—(i) Installation of designed drainage structures for an area currently using natural terrain for drainage—155 points~~
- ~~—(ii) Construction including changes to terrain such as unlined ditches to improve drainage for an area currently using natural terrain for drainage—150 points~~
- ~~—(iii) Installation of designed drainage structures to replace existing drainage structures to improve the drainage for an area—145 points~~

- (iv) Reconstruction of unlined ditches to improve drainage for an area—142 points
- (v) Clearance of obstructions to unlined ditches or other drainage structures to improve drainage for an area—135 points
- (vi) Other eligible drainage activities—130 points
- (C) Flood control activities:
 - (i) Installation of designed flood control structures such as dams or retention ponds—155 points
 - (ii) Installation of retention walls, creek bed walls, storm sewers, or ditches needed to control flood water—150 points
 - (iii) Reconstruction of existing flood control structures—145 points
 - (iv) Clearance of obstructions to flood control structures—135 points
 - (v) Other eligible flood control activities—130 points
- (D) Handicapped accessibility activities:
 - (i) Addressing all needed improvements to provide complete accessibility to a public building (complete accessibility includes handicapped parking, ramps, handrails, doorway widening, restroom modifications, water fountain modifications, access to upper and lower floors (elevator or lift) and other related improvements)—155 points
 - (ii) Addressing some of the needed improvements to provide complete accessibility to a public building (complete accessibility includes handicapped parking, ramps, handrails, doorway widening, restroom modifications, water fountain modifications, access to upper and lower floors (elevator or lift) and other related improvements)—145 points
 - (iii) Other eligible handicapped accessibility activities—130 points
- (E) Additional subjective considerations for street paving, drainage, flood control and handicapped accessibility:
 - (i) How the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction—1 to 5 points
 - (ii) Projects that consider the Office's Community Viability Index in establishing the issues to be addressed (a single or multi-jurisdictional application can receive a total of one point)—1 point
- (6) Fire protection, health clinics, and facilities providing shelter for persons with special needs (hospitals, nursing homes, convalescent homes)—125 to 145 points:
 - (A) Fire protection activities:
 - (i) Purchasing fire fighting vehicles, ambulance or EMS vehicle for fire department use—140 points
 - (ii) Construction of a new fire station and fire fighting vehicles and equipment—135 points
 - (iii) Purchasing fire fighting equipment for fire department staff—132 points
 - (iv) Construction of a new fire station only—130 points
 - (v) Other eligible fire protection activities—125 points
 - (B) Health clinic activities:
 - (i) Construction of a new health clinic building—140 points
 - (ii) Rehabilitation or expansion of an existing health clinic building—135 points
 - (iii) Purchase of equipment related to existing health clinic structures such as heating and cooling equipment—130 points
 - (iv) Other eligible health clinic activities—125 points

- ~~—(C) Facilities providing shelter for persons with special needs (hospitals, nursing homes, convalescent homes):~~
 - ~~—(i) Construction of a new publicly owned and operated facility—140 points~~
 - ~~—(ii) Rehabilitation or expansion of an existing facility—135 points~~
 - ~~—(iii) Purchase of equipment related to the existing facility such as heating and cooling equipment—130 points~~
 - ~~—(iv) Other eligible facility activities—125 points~~
- ~~—(D) Additional subjective considerations for fire protection, health clinics, and facilities providing shelter for persons with special needs:~~
 - ~~—(i) How the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction—1 to 5 points~~
 - ~~—(ii) Projects that consider the Office's Community Viability Index in establishing the issues to be addressed (a single or multi-jurisdictional application can receive a total of one point)—1 point~~
- ~~—(7) Community centers, senior citizen centers, and social services centers—115 to 135 points:~~
 - ~~—(A) Community center activities:~~
 - ~~—(i) Construction of a new community center building that will provide services and recreation activities—130 points~~
 - ~~—(ii) Construction of a new community center building that will provide only recreation activities—125 points~~
 - ~~—(iii) Rehabilitation or expansion of an existing community center to increase services or the number of people served—123 points~~
 - ~~—(iv) Rehabilitation or expansion of an existing community center without any additional services or increase to the number of people served—121 points~~
 - ~~—(v) Other eligible community center activities—115 points~~
 - ~~—(B) Senior citizen center activities:~~
 - ~~—(i) Construction of a new senior center building that will provide services and recreation activities—130 points~~
 - ~~—(ii) Construction of a new senior center building that will provide only recreation activities—125 points~~
 - ~~—(iii) Rehabilitation or expansion of an existing senior center building to increase services or the number of people served—123 points~~
 - ~~—(iv) Rehabilitation or expansion of an existing senior center building without any additional services or increase to the number of people served—121 points~~
 - ~~—(v) Other eligible senior citizens center activities—115 points~~
 - ~~—(C) Social service center activities:~~
 - ~~—(i) Construction of a new building to provide first-time services to an area—130 points~~
 - ~~—(ii) Rehabilitation or expansion of an existing center building to increase services or the number of people served—125 points~~
 - ~~—(iii) Rehabilitation or expansion of an center building without any additional services or increase to the number of people served—121 points~~
 - ~~—(iv) Other eligible social services center activities—115 points~~
 - ~~—(D) Additional subjective considerations for community centers, senior citizen centers, and social services centers:~~

~~—(i) How the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction—1 to 5 points~~

~~—(ii) Projects that consider the Office's Community Viability Index in establishing the issues to be addressed (a single or multi-jurisdictional application can receive a total of one point)—1 point~~

~~—(8) Demolition/clearance and code enforcement activities—115 to 135 points.~~

~~—(A) Demolition/clearance activities.~~

~~—(i) Addressing condemnation activities, eliminating vacant hazardous structures, or eliminating vacant structures used for illegal activities—130 points~~

~~—(ii) Addressing neighborhood beautification activities—125 points~~

~~—(iii) Addressing clearance of vacant lots only—117 points~~

~~—(iv) Other eligible demolition/clearance activities—115 points~~

~~—(B) Code enforcement activities.~~

~~—(i) Addressing condemnation activities, eliminating vacant hazardous structures, or eliminating vacant structures used for illegal activities—130 points~~

~~—(ii) Addressing neighborhood beautification activities—125 points~~

~~—(iii) Addressing clearance of vacant lots only—117 points~~

~~—(iv) Other eligible code enforcement activities—115 points~~

~~—(C) Additional subjective considerations for demolition/clearance and code enforcement activities.~~

~~—(i) How the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction—1 to 5 points~~

~~—(ii) Projects that consider the Office's Community Viability Index in establishing the issues to be addressed (a single or multi-jurisdictional application can receive a total of one point)—1 point~~

~~—(9) Gas facilities, electrical facilities and solid waste disposal activities—110 to 130 points.~~

~~—(A) Gas facility activities.~~

~~—(i) Provide first-time gas service to area through a publicly owned and operated utility—125 points~~

~~—(ii) Provide first-time gas service to area through a privately owned for-profit utility—120 points~~

~~—(iii) Replace existing gas lines for a publicly owned and operated utility to improve service—115 points~~

~~—(iv) Replace existing gas lines for a privately owned for-profit utility to improve service—112 points~~

~~—(v) Other eligible gas facility activities—110 points~~

~~—(B) Electrical facility activities.~~

~~—(i) Provide first-time electric service to area through a publicly owned and operated utility—125 points~~

~~—(ii) Provide first-time electric service to area through a privately owned for-profit utility—120 points~~

~~—(iii) Replace existing electric lines for a publicly owned and operated utility to improve service—115 points~~

~~—(iv) Replace existing electric lines for a privately owned for-profit utility to improve service—112 points~~

- ~~—(v) Other eligible electric facility activities—110 points~~
- ~~—(C) Solid waste disposal activities:~~
 - ~~—(i) Activities that include landfill equipment, or transfer station equipment, or site improvements and first-time recycling service—125 points~~
 - ~~—(ii) Construction of a transfer station with necessary eligible equipment and recycling service—122 points~~
 - ~~—(iii) Activities that include landfill equipment, or transfer station equipment, or site improvements—119 points~~
 - ~~—(iv) Acquisition of property for a landfill site or transfer station site and minimal site improvements—115 points~~
 - ~~—(v) Other eligible solid waste disposal activities—110 points~~
- ~~—(D) Additional subjective considerations for gas facilities, electrical facilities and solid waste disposal activities:~~
 - ~~—(i) How the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction—1 to 5 points~~
 - ~~—(ii) Projects that consider the Office's Community Viability Index in establishing the issues to be addressed (a single or multi-jurisdictional application can receive a total of one point)—1 point~~
- ~~—(10) Access to basic telecommunication activities—105 to 125 points:~~
 - ~~—(A) Provide first-time access to telecommunications and the internet to an area—120 points~~
 - ~~—(B) Additional subjective considerations for access to basic telecommunication activities:~~
 - ~~—(i) How the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction—1 to 5 points~~
 - ~~—(ii) Projects that consider the Office's Community Viability Index in establishing the issues to be addressed (a single or multi-jurisdictional application can receive a total of one point)—1 point~~
- ~~—(11) Jails and detention facility activities—105 to 125 points:~~
 - ~~—(A) Jail facility activities:~~
 - ~~—(i) Construction of a new jail—120 points~~
 - ~~—(ii) Construction of a new police substation in a documented high-crime area—120 points~~
 - ~~—(iii) Rehabilitation of an existing jail or police substation—110 points~~
 - ~~—(iv) Other eligible jail facility activities—105 points~~
 - ~~—(B) Detention facility activities:~~
 - ~~—(i) Construction of a new juvenile detention facility—120 points~~
 - ~~—(ii) Construction of a new adult detention facility—118 points~~
 - ~~—(iii) Rehabilitation of an existing detention facility—110 points~~
 - ~~—(iv) Other eligible detention facility activities—105 points~~
 - ~~—(C) Additional subjective considerations for jails and detention facility activities:~~
 - ~~—(i) How the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction—1 to 5 points~~
 - ~~—(ii) Projects that consider the Office's Community Viability Index in establishing the issues to be addressed (a single or multi-jurisdictional application can receive a total of one point)—1 point~~

- ~~—(12) All other eligible activities— 85 to 115 points.~~
- ~~—(A) Park activities.~~
 - ~~—(i) Construction of a first-time park area or expansion of an existing park to include a recreational activity that is not available at any existing park serving the area—110 points~~
 - ~~—(ii) Improvement to an existing park—100 points~~
- ~~—(B) Public service activities. Providing public service that has not been provide by the unit of general local government in the preceding 12 months—110 points~~
- ~~—(C) All other eligible activities. All other eligible activities— 85 points~~
- ~~—(D) Additional subjective considerations for jails and detention facility activities.~~
 - ~~—(i) How the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction—1 to 5 points~~
 - ~~—(ii) Projects that consider the Office's Community Viability Index in establishing the issues to be addressed (a single or multi-jurisdictional application can receive a total of one point)—1 point~~
- ~~—(13) If the documentation type or terminology differs from what is stated in a particular category but the intent or purpose is the same, the Office may in its discretion use the score for that category rather than assign it to a lower purpose as the document stated in a particular category, the Office may decide to use that category rather than a lower scoring category. The applicant should provide evidence to support such a determination.~~
- ~~—(14) The total points awarded may not exceed the maximum point range fro any activity category.~~

RULE §255.4 Planning/Capacity Building Fund

(a) No Change.

(b) Funding cycle. This fund is allocated to eligible units of general local government on a biennial basis for the 2009 and 2010 ~~2007 and 2008~~ program years pursuant to a statewide competition held during the 2009 ~~2007~~ program year. Applications for funding from the 2009 and 2010 ~~2007 and 2008~~ program year allocations must be received by the TxCDBG by the dates and times specified in the most recent application guide for this fund.

(c) Selection procedures. Scoring and the recommended ranking of projects are done by Office staff with input from the regional review committees. The application and selection procedures consist of the following steps.

(1) – (6) No change.

(7) The Office staff submits the 2009~~2007~~ program year and 2010~~2008~~ program year funding recommendations to the state review committee. In consultation with the executive director and TxCDBG office staff, the state review committee reviews and approves grant applications and associated funding awards of eligible counties and municipalities.

(8) Upon the announcement of the 2009 and 2010~~2007~~ program year contract awards, the Office staff works with recipients to execute the contract agreements. The award is based on the information provided in the application and on the amount of funding proposed for each contract activity based on the matrix included in the most recent application guide for this fund.

~~(9) Upon the announcement of the 2006 program year contract awards, the Office staff works with recipients to execute the contract agreements. The award is based on the information provided in the application and on the amount of funding proposed for each contract activity based on the matrix included in the most recent application guide for this fund.~~

(d) Selection criteria. The following is an outline of the selection criteria used by the Office for selection of the projects under the planning/capacity building fund. Four hundred thirty points are available.

(1) Community distress (total--55 points). All community distress factor scores are based on the total population of the applicant.

(A) Percentage of persons living in poverty--up to 25 points

(B) Per capita income--up to 20 points

(C) Unemployment rate--up to 10 points

(2) Benefit to Low/Moderate Income Persons (total -- 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.

(3) Project Design -- 375 Points (Maximum)

(A) Program Priority – (up to 50 points) Applicant chooses its own priorities here with 10 points awarded per priority as provided below.

(i) 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.

(ii) 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.

(iii) 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.

(B) Base Match (total -- 0 Points). The population will be based on available information in the latest national decennial census.

(i) Five percent match required from applicants with population equal to or less than 1,500.

(ii) Ten percent match required from applicants with population over 1,500 but equal to or less than 3,000.

(iii) Fifteen percent match required from applicants with population over 3,000 but equal to or less than 5,000.

(iv) Twenty percent match required from applicants with population over 5,000.

(4) Areawide Proposals (total – 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.

(5) Planning strategy and products (total 275 points).

(A) Planning Strategy and Products (50, 30 or 20 points possible, if previous plan implementation shown.):

(i) An applicant which has not previously received a planning/capacity building contract or an applicant which has received a planning/capacity building fund contract prior to the 2000 program year and has not received any subsequent planning/capacity building fund contracts -- 50 points.

(ii) An applicant which has received previous planning/capacity building funding and demonstrates that at least three previous planning recommendations have been implemented, i.e., funds from any source have been spent to implement recommendations included in the plans-- 30 points.

(iii) An applicant which has participated in the program established under this section and demonstrates implementation of two of the planning recommendations, regardless of the source of funding, or an applicant which has received previous planning/capacity building funding but demonstrates that conditions have changed to warrant new planning for the same activities-- 20 points

(iv) Previous recipients of Planning and Capacity Building Funds since program year 2000 scored under (ii) and (iii) of this “Previous Planning” subsection that have not implemented the previously funded activities, and there are no special or extenuating circumstances prohibiting implementation, will not receive points under the “previous planning” category. Implementation must be completely documented in the original submission of the application and its questionnaire. Further documentation will not be requested.

(B) Proposed Planning Effort (up to 225 points) based on an evaluation of the following:

(i) Community Needs Assessment (Must have both items to get 10 points). Needs identified by priority (7 points); Documentation included of citizen input by three or more non-elected citizens involvement (3 points).

(ii) Good hearings' notices, timeliness (up to 25 points). Hearing notices and publication happened as described in the application guide and all documentation submitted in original application.

(iv) Anticipated Actions: (Must have both items)

(I) Applicant has included its anticipated actions to each listed need (10 points)

(II) If only one hearing to determine needs and no other means of needs assessment, is the # 1 need in the locality's CD application's Needs Assessment the same as the # 1 need in the locality's PCB application's Needs Assessment? If no, subtract 20 points.

(v) Community is organized as evidenced by a citizens advisory committee, or documents Texas Historical Commission Main Street designation, or previous successful PCB contract closeout since 2000 (with no more than a two-year contract period for PCB performance since PY 2000), thereby indicating for purposes here that it would ensure a planning process or plan implementation (up to 15 points).

(vi) Applicant's resolution specifically names activities on Table 2 for which it is applying (up to 5 points).

(vii) According to the application, applicant is applying for planning only; no construction activities proposed for 2009-2010 TxCDBG (up to 23 points).

(viii) Table 1, Description of Planning Activity (up to 5 points, One (1) point apiece)

(I) Originally submitted TABLE 1 requests eligible activities;

(II) Originally submitted TABLE 1 proposes an inventory, analysis and plan;

(III) Originally submitted TABLE 1 addresses identified needs;

(IV) Originally submitted TABLE 1 activities match Table 2 planning elements;

(V) Originally submitted TABLE 1 describes or indicates an implementable strategy.

(ix) Table 2, Benefit to Low/Mod Income Persons: (Must have all items, if applicable, to get 5 points)

(I) Amount requested in original submission is less than or equal to matrix prescribed amount;

(II) If special activity funding is requested, the amount was negotiated, as per the matrix.

(III) All proposed activities in original application relate to described needs and resolution.

(x) Community Base Questionnaire: Original was complete; entire questionnaire included with the original application (up to 3 points). Subtract one (1) point for each blank or non-response where an answer space is provided and an answer is needed to provide a score anywhere on this form up to a maximum of -3.

(xi) Staff Capacity: Applicant has demonstrated staff capacity, by having either a Full-time city manager or city administrator; or Full-time planner or documented planner on retainer (up to 2 points).

(xii) Organization for planning: One of the following exists within the applicant's jurisdiction: Planning & Zoning Commission; Planning Commission; Zoning Commission; Zoning Board of Adjustment; Citizens Advisory Committee; or Other local group involved (up to 1 point).

(xiii) Applicant has one organization for planning that met seven (7) or more times per calendar year. May require documentation (up to 5 points).

(xiv) Applicant has at least three of the following codes or ordinances passed (or updated) since 1/1/1990, according to the original application: Zoning, Building, Subdivision, Gas-Natural, Electrical, Fire, or Plumbing (up to 3 points).

(xv) Applicant has zoning and no land use and future land use maps (subtract 3).

(xvi) Zoning was passed before land use plan was passed. In this instance, the zoning/zoning district map will not be considered as the land use plan (subtract 3).

(xvii) Applicant has at least two of the following codes or ordinances passed or updated since 1/1/1990, according to the original application: Mobile Home, Minimum Standards-Housing, Flood Plain, Dangerous Structures, or Fair Housing (up to 3 points).

(xviii) Applicant has at least three (3) the following elements not funded through TxCDBG less than 10 years old (completed since 9/30/1998), according to the application; or, will have in place the following element(s) prior to awards: Land Use, Water System, Housing, Wastewater, Street Plan, Drainage, ED Plan, Solid Waste, CBD Plan, or CIP (2 points maximum; but no points, if reapplying for TxCDBG funding for same elements that were completed within the last ten years using TxCDBG funds).

(xix) Applicant has both: property tax and sales tax (up to 10 points).

(xx) According to the application, applicant has been successful in collecting an average of 95% or more of its property taxes for the two years of 2006 and 2007 (up to 3 points).

(xxi) Applicant reports it has a code enforcement officer (1 point).

(xxii) According to applicant, population change from 2000 to present is (up to 10 points)

(I) Greater than 5% but less than or equal to 10% (2 points)

(II) Greater than 10% but less than or equal to 15% (4 points)

(III) Greater than 15% but less than or equal to 20% (6 points)

(IV) Greater than 20% but less than or equal to 25% (8 points)

(V) Greater than 25% (10 points)

(xxiii) Applicant reports it has passed a one-half cent sales tax to fund economic development activities (2 points).

(xxiv) Applicant has performed any two activities to attract or retain business and industry (2 points)

(xxv) Applicant has applied for federal or state funds (other than TxCDBG) in the last three years (since 1/1/2005) or is currently applying (2 points).

(xxvi) Applicant is specifically requesting funding under this application for a Capital Improvement Program or has indicated in the application that a capital improvement programming process is routinely accomplished (1 point).

(xxvii) Applicant reports it has bonded debt as of 6/30/2008 indicating local commitment and an attempt to control problems and implement improvements (4 points).

(xxviii) Applicant reports its per capita bonded debt as less than \$500 as of 6/30/2008 generally indicating some additional debt capacity; and, perhaps, indicating the proposed

activities will result in the development of a viable and implementable strategy and be an efficient use of grant funds (10 points).

(xxix) Applicant reports its total debt as less than 10 percent of total market value as of 6/30/2008 (7 points).

(xxx) Applicant reports its annual debt service as less than 20 percent of annual revenues as of 6/30/2008 (6 points).

(xxxii) Applicant is in a COG region which had no recipients of TxCDBG Planning and Capacity Building Funds in the previous application cycle - BVCOG, CAPCOG, CTCOG, CVCOG, DETCOG, LRGVDC, PRPC, SETRPC (5 points).

(xxxiii) Applicant is requesting fewer than five (5) priority activities and is requesting no more than the dollar amount prescribed in the matrix and no Special Activities requested (6 points).

(xxxiv) Applicant is requesting planning funds strictly according to the matrix after competing unsuccessfully last competition or applicant has a population shown on Table 2 of at least 200 but less than or equal to 600 (5 points).

(xxxv) Commitment, as exhibited by match, based on 2000 Census (up to 5 points). Applicant is contributing the following percentage more than required over the base match amount for its population level:

(I) less than 5% (0 points);

(II) 5% but less than 10% more than required (2 points);

(III) 10% but less than 15% more than required (3 points);

(IV) 15% but less than 20 more than required (4 points); or

(V) At least 20% more than required (5 points);

(xxxvi) Application was received in a complete state; that is, a review letter did not have to request any missing application components, information requested in the application's forms or documentation that must be attached as instructed in the application. Mathematical tabulations and beneficiary data derived from census data must be correct upon receipt. Beneficiary information derived from a survey is an exception. Survey data corrected or changed by ORCA when the applicant is qualifying using only survey data or in combination with census data may be changed in the application without penalty. Applicant will not qualify to compete, if the effect of any change is to drop the low/mod rate below 51 percent (15 points).

(xxxvii) Applicant has listed at least three indications of the locality's likelihood to stay directly involved in the planning process and to implement the proposed planning (1 point).

(xxxviii) Special Impact. Whether the list referenced above indicates in the top three reasons that some significant event will occur or has occurred in the region that may impact ability to provide services, such as, a factory locating in the area that will increase jobs, the announced closure of an employer that will reduce jobs; declared natural disaster, or, for example, the announcement of construction of a major interstate highway in the area, etc. (1 point).

(xxxix) Applicant has no overdue Audit Certifications Forms or Single Audits or audit resolutions as of 9/30/2008 according to Compliance Unit (2 points).

(xl) Applicant has never received a TxCDBG grant and the application indicates the applicant has currently a property tax and a sales tax (10 points).

~~(2) Project scope (total 100 points).~~

~~(A) Program priority (up to 50 points). An applicant chooses its own priorities under this scoring factor. All activities are weighted at ten points apiece. An applicant receives 50 points for its first five priorities. Base studies (base mapping, housing, land use, population components) are recommended for those who lack these updated studies. An applicant is not limited to requesting only its first five priorities. It may also request funds for activities viewed as necessary, but no additional points would be available for these activities. Applicants with fewer than five priorities or wishing to accomplish fewer than five activities receive point consideration for efficient use of grant funds under "Planning Strategy and Products" described in the most recent application guide for this fund.~~

~~(B) Areawide proposals (up to 50 points). An applicant must propose to conduct all activities described in its application throughout the entire jurisdiction of the applicant to receive the maximum 50 points. An applicant proposing target area planning receives zero points. County applicants with identifiable, unincorporated communities qualify for these points provided that incorporation or other organization of the unincorporated communities is being considered as an option.~~

~~(3) Planning strategy and products (total 275 points):~~

~~—(A) Previous planning (up to 50 points):~~

~~—(i) An applicant which has not previously received a planning/capacity building contract or an applicant which has received a planning/capacity building fund contract prior to the 1995 program year and has not received any subsequent planning/capacity building fund contracts—up to 50 points:~~

~~—(ii) An applicant which has received previous planning/capacity building funding and demonstrates that at least three previous planning recommendations have been implemented, i.e., funds from any source have been spent to implement recommendations included in the plans—up to 40 points:~~

~~—(iii) An applicant which has participated in the program established under this section and demonstrates implementation of some of the planning recommendations, regardless of the source of funding, or an applicant which has received previous planning/capacity building funding but demonstrates that conditions have changed to warrant new planning for the same activities—up to 20 points:~~

~~—(iv) Previous recipients of Planning and Capacity Building Funds since program year 1995 scored under clauses (ii) and (iii) of this subparagraph that have not implemented the previously funded activities, and there are no special or extenuating circumstances prohibiting implementation, will not receive points under the Previous planning category. Implementation must be completely documented in the original submission of the application and its questionnaire. Further documentation will not be requested prior to scoring consideration.~~

~~—(B) Proposed planning effort (225 points). The factors considered by staff of the Office in determining this score are as follows:~~

~~—(i) Community Needs Assessment (up to 10 points) Application must have the following for points:~~

~~—(I) Needs clearly identified by priority; and~~

~~—(II) Evidence of strong citizen input or known citizen involvement;~~

~~—(ii) Evidence of effort to notify special groups included with the originally submitted application (up to 5 points);~~

~~—(iii) Good hearings' notices, timeliness and/or participation. Hearing notices and publication happened as described in the application guide (up to 10 points);~~

~~—(iv) How clearly the proposed planning effort results in a strategy to resolve the identified needs (up to 15 points);~~

~~—(v) Whether the proposed activities will result in development of a viable strategy that can be implemented and would be an efficient use of grant funds (up to 15 points);~~

~~—(vi) Anticipated actions are clear, concise and reasonable (i.e., applicant has responded properly) and anticipated actions match needs (up to 10 points) (Must have both items to receive these points);~~

~~—(vii) Community is organized and would ensure a planning process or plan implementation (as evidenced by advisory committee, main street designation, previous good performance, etc.) (up to 5 points);~~

~~—(viii) Applicant's resolution specifically names activities for which it is applying (up to 5 points);~~

~~—(ix) Applicant is applying for planning only; no construction activities proposed for the 2007–2008 TxCDBG (up to 3 points);~~

~~—(x) Table 1, Description of Planning Activity, in application (up to 15 points) (Must have all items to receive points):~~

~~—(I) Originally submitted application describes eligible activities;~~

~~—(II) Originally submitted application describes understanding of plan process;~~

~~—(III) Originally submitted application addresses identified needs;~~

~~—(IV) Originally submitted application appears to result in solution to problems; and~~

~~—(V) Originally submitted application describes or indicates an implementable strategy;~~

~~—(xi) Table 1, Description of Planning Activity, in application: (total 10 points):~~

~~—(I) Original application requests recommended base planning activities (up to 5 points); and~~

~~—(II) Original application documents independent effort in base planning (up to 5 points);~~

~~—(xii) Table 2, Benefit to low/moderate income persons (up to 10 points) (Must have all items, if applicable, for points):~~

~~—(I) Amount requested in original submission is less than or equal to matrix prescribed amount;~~

~~—(II) If special activity funding is requested, the amount appears to be reasonable; and~~

~~—(III) All proposed activities in original application relate to described needs and resolution.~~

~~—(xiii) Community based questionnaire (up to 5 points) (Must have both for points):~~

~~—(I) Original was complete; no pages missing; no more than one to three blanks; no disparities, and~~

~~—(II) Considering the applicant's size, the form indicates an attempt to control problems;~~

~~—(xiv) Staff Capacity—Applicant has demonstrated staff capacity (up to 3 points);~~

~~—(xv) Organization for Planning (to 5 points total)—One of the following exist within the applicant's jurisdiction: Planning and Zoning Commission, Planning Commission, Zoning Commission, Zoning Board of Adjustment, Citizens Advisory Committee, or other local group involved;~~

- ~~—(xvi) One organization for planning meets six or more times per year (5 points);~~
- ~~—(xvii) Applicant has at least three of the following codes or ordinances passed since 1983, according to the original application (3 points): Zoning, Building, Subdivision, Gas-Natural, Electrical, Fire, Plumbing;~~
- ~~—(xviii) Adjustments (Subtract up to 6 points): Applicant has zoning and no land use and future land use maps and requests no base studies (subtract 3 points); and zoning passed before land use plan accomplished and no indication to do land use and/or no zoning requested (subtract 3 points);~~
- ~~(xix) Applicant has at least two of the following codes or ordinances passed since 1980, according to the original application Mobile Home, Minimum Standards Housing, Flood Plain, Dangerous Structures, and Fair Housing (up to 5 points);~~
- ~~—(xx) Applicant has at least 3 of the following element(s) that are less than 10 years old according to the application or will have in place the following element(s) prior to awards (up to 5 points maximum; but no points if reapplying for TxCDBG funding for same activities accomplished since 1995): Land Use, Water System, Housing, Wastewater, Street Plan, Drainage, Economic Development Plan, Solid Waste, Central Business District Plan, Capital Improvement Program, or Recreation/Parks;~~
- ~~—(xxi) Applicant has both a property and sales tax (up to 5 points);~~
- ~~—(xxii) Applicant has been successful in collecting an average of 95% or more of its property taxes for the two years—2002 and 2003 (per application) (up to 3 points);~~
- ~~—(xxiii) Applicant reports it has an active code enforcement program (up to 2 points);~~
- ~~—(xxiv) The population change (up to a total of 10 points). The population change either positive or negative from 1990 to present is between 5% and 10% (up to 2 points); greater than 10% but less or equal to 15% (up to 4 points); greater than 15% but less or equal to 20% (up to 6 points); greater than 20% but less or equal to 25% (up to 8 points); or greater than 25% (up to 10 points);~~
- ~~—(xxv) Applicant reports it has passed a one-half cent sales tax to fund economic development activities (3 points);~~
- ~~—(xxvi) Applicant has performed activities to attract or retain business and industry (other than passing the 1/2 cent sales tax) (up to 3 points);~~
- ~~—(xxvii) Applicant has applied for federal or state funds (other than TxCDBG) in the last three years or is currently applying (up to 3 points);~~
- ~~—(xxviii) Applicant is specifically requesting funding for a Capital Improvement Program in proper implementation sequence or has indicated in the application that a capital improvement programming process is routinely accomplished (up to 3 points);~~
- ~~—(xxix) Applicant's responses to questions on the Community Base Questionnaire and/or other portions of the application appear to indicate that the applicant will produce a valid Capital Improvement Program that would draw on local resources and grant/loan programs other than TxCDBG (3 points);~~
- ~~—(xxx) Applicant is in a Council of Government region which had no recipients of any kind of TxCDBG planning funds during the previous biennial program years (up to 8 points);~~
- ~~—(xxxi) Applicant is requesting fewer than five priority activities and is requesting no more than the dollar amount prescribed in the matrix and no Special Activities requested or applicant is requesting only Special Activities and it is apparent that they are urgently needed from the application (up to 10 points);~~

~~—(xxxii) Applicant is again requesting planning funds according to the matrix after competing unsuccessfully last competition, according to the Summary Form; or Applicant has a population shown on Table 2 of the application of at least 200 but less than or equal to 500 (up to 5 points);~~

~~—(xxxiii) Commitment, as exhibited by match, based on 2000 Census (up to 5 points). Applicant is contributing the following percentage more than required over the base match amount for its population level:~~

~~—(I) less than 5% (0 points);~~

~~—(II) 5% but less than 10% more than required (2 points);~~

~~—(III) 10% but less than 15% more than required (3 points);~~

~~—(IV) 15% but less than 20 more than required (4 points); or~~

~~—(V) At least 20% more than required (5 points);~~

~~—(xxxiv) Applicant includes at least three sound indications of the locality's likelihood to stay directly involved in the planning process and to implement the proposed planning (up to 3 points);~~

~~—(xxxv) Special Impact. Whether some significant event will occur in the region that may impact ability to provide services, such as a factory locating in the area that will increase jobs by 10 percent, the announced closure of an employer that will reduce jobs by 10 percent, declared natural disaster, or announcement of construction of a major interstate highway in the area (up to 5 points);~~

~~—(xxxvi) Applicant's past performance. Past performance on previous TxCDBG contracts (up to 5 points); and~~

~~—(xxxvii) Applicant has never received a TxCDBG grant and the application would lead one to believe that the project will be completed successfully and the plans implemented (up to 5 points).~~

RULE §255.5

Disaster Relief Fund

(a) General provisions. Assistance under this fund is available to units of general local government for eligible activities under the Housing and Community Development Act of 1974, Title I, as amended, for the alleviation of a disaster situation. To receive assistance under this program category, the situation to be addressed with TxCDBG funds must be both unanticipated and beyond the control of the local government. For example, the collapse of a municipal water distribution system due to lack of regular maintenance does not qualify. If the same situation was caused by a tornado or flood, the community could apply for disaster relief funds. An applicant may not apply for funding to construct public facilities that did not exist prior to the occurrence of the disaster. Starting with the 2004 TxCDBG program year, TxCDBG disaster relief funds will not be provided under the Federal Emergency Management Agency's Hazard Mitigation Grant Program unless the Office receives satisfactory evidence that any 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. Additionally, in disaster relief situations, the TxCDBG dollars are to be viewed as gap financing or funds of last resort. In other words, the community may only apply to the Office for funding of those activities for which 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 as required by state statute, or assistance from other sources is not available. TxCDBG will consider whether funds under an existing TxCDBG contract are available to be reallocated to address the situation. TxCDBG may prioritize throughout the program year the use of Disaster Relief assistance funds based on the type of assistance or activity under considerations and may allocate funding throughout the program year based on assistance categories. Assistance under the disaster relief fund is provided only if one of the following has occurred:

(1) ~~The governor has requested a presidential declaration of a major disaster~~ [The President has issued a federal disaster declaration](#); or

(2) The governor has declared a state of disaster or emergency.

(b) – (c) No change.

~~(d) Disaster recovery initiative funds. Disaster recovery initiative funds are available to eligible counties, cities, and Indian tribes to address damages from severe rain storms and flooding. Any damages sustained in the eligible county areas that were sustained from storm or flood conditions that occurred before or after the dates designated in disaster recovery initiative notices for funding are not eligible for assistance. Disaster recovery initiative funds may supplement, but not replace, resources received from other Federal or State agencies to address the damages from the storm and flood conditions. These funds cannot be used for activities that were reimbursable by or for which funds were made available from the Federal Emergency Management Agency, the Small Business Administration, the National Resource Conservation Service, or the U.S. Army Corps of Engineers.~~

~~(e) Eligible applicants for disaster recovery initiative funds. Eligible applicants for these funds are nonentitlement and entitlement counties, incorporated cities, or eligible Indian tribes located in one of the counties named in disaster recovery initiative notices for~~

~~funding that are preceded by Presidential Disaster Declarations for counties in Texas that sustained damages from severe storms and flooding.~~

~~(f) Eligible disaster recovery initiative activities. Since the eligible activities may vary in each disaster recovery initiative notice for funding, eligible applicants are informed of the eligible activities in each application guide for disaster recovery initiative assistance.~~

~~(g) Disaster recovery initiative funding cycle. An application for these funds can be submitted on an as-needed basis. An eligible applicant can only submit one application for these funds. Based on the disaster recovery initiative selection criteria, applications selected to receive funding may not necessarily be selected on a first-come, first-served basis.~~

~~(h) Disaster recovery initiative selection criteria. The following describes the evaluation criteria used by the Office to select disaster recovery initiative grantees:~~

~~–(1) Priority for the use of these funds will be given to applications where all or some of the application activities meet the national program objective of principally benefiting low and moderate income persons. To meet this national program objective at least 51% of the beneficiaries for an application activity must be low and moderate income persons.~~

~~–(2) Priority for these funds will be given to eligible applicants that have not already received a TxCDBG disaster relief grant for activities associated with the occurrence of this disaster.~~

~~–(3) For any application that includes construction or acquisition activities, the Office will consider the applicant's status as a nonparticipating, noncompliant community under the National Flood Insurance Program when prioritizing the selection of the applicants that will receive disaster recovery initiative funds.~~

RULE §255.8 Regional Review Committees

(a) Composition. There is a regional review committee in each of the 24 state planning regions. Each committee consists of at least 12 members appointed by the governor. Composition of each regional committee reflects geographic diversity within the region, difference in population among eligible localities, and types of government (general law cities, home rule cities, and counties). The chairperson of the committee is also appointed by the governor. Members of the committee serve two-year staggered terms. An individual may not serve as a member of a regional review committee while serving as a member of the State Community Development Review Committee.

(b) Role. Under the Community Development Fund each Regional Review Committee is responsible for determining local project priorities and objective factors based on public input. 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. ~~Each regional review committee reviews and scores all applications submitted from within its region under the community development fund. Each regional review committee may review and comment on other TxCDBG applications. Each regional review committee sends its scores and comments to the Office. Regional review committees may elect to utilize staff of regional planning commissions to assist with project review responsibilities except when staff of the regional planning commission intend to prepare TxCDBG applications for the current funding cycle or when staff of the regional planning commission intend to administer TxCDBG projects that could receive TxCDBG funding under the current funding cycle. When staff of the regional planning commissions cannot assist with project review responsibilities, the Office staff may provide the assistance.~~

(c) General requirements. In the performance of its responsibilities, each regional review committee shall comply with all federal and state laws and regulations relating to the administration of community development block grant nonentitlement area funds including, but not limited to, requirements of this subchapter, the scoring procedures specified in the current Regional Review Committee Guidebook, and the procedures established by the regional review committee under the TxCDBG.

(1) RRC Must Notify Applicants of Public Hearing to Adopt Local Project Priorities and Objective Scoring Factors

(A) The RRC proceedings are subject to the Texas Open Meetings Act. The notice of the public hearing and agenda to determine local project priorities and objective scoring criteria must be posted electronically in the Secretary of State's internet site under the Texas Register/Open Meetings, <http://www.sos.state.tx.us/txreg>. The notification process requires three days (72-hours) advance notice. The public hearing information must include the date, time and place of the RRC public hearing and the full agenda.

(B) In addition, the RRC must notify each eligible locality in the region in writing of the date, time and place of the RRC public hearing at least five days prior to the public hearing. One of the following four methods must be utilized when sending the notice: certified mail; electronic mail; first class (regular) mail, with a return receipt for local signature enclosed; or deliver in person (e.g., at a Council of Governments [COG] meeting);

(C) A notice of the public hearing must be published in a regional newspaper in the region at least three days in advance of the actual meeting. A published newspaper article

is acceptable in lieu of a public notice if it meets the content (date, time, location and purpose) and timing requirements.

(D) The RRC must provide for public comments on the public hearing agenda. RRC discussions, deliberations and votes must be taken in public and must comply with the Texas Open Meetings Act.

(2) Quorum Required for Public Hearing. A public hearing of the RRC requires a quorum of seven members (regardless of status of term or elected office) appointed by the governor. Each Regional Review Committee must establish a policy that prohibits voting by committee members who arrive late or do not attend the entire public hearing held to adopt local project priorities and objective scoring factors and other RRC procedures.

(3) Only Appointed RRC Members May Vote on RRC Actions. An appointed member may designate a local official alternate from his/her city or county to participate in the RRCs deliberations for the purpose of meeting a quorum. This alternate person must be authorized in writing from the official being represented prior to his/her participation at any RRC meeting where voting is to occur. Please note, however, that proxies cannot vote on RRC matters. (This means that proxies may not vote on organizational matters, selection of project priorities, objective scoring factors, and any other related scoring procedures.) Proxies are there to satisfy the quorum requirements.

(4) RRC May Provide Information to ORCA Concerning Threshold Criteria. RRCs are encouraged to provide information that would assist ORCA in determining applicant compliance with eligibility thresholds and other information that may be considered by ORCA in the state scoring factors.

(c) RRC Responsible for Adopting Local Project Priorities and Objective Scoring Factors

(1) Preliminary Meetings to Obtain Public Input and Provide Input to the RRC for Consideration During the Public Hearing to Discuss, Select, and Adopt Scoring Factors. The RRCs may hold preliminary meetings prior to the public hearing to obtain public input regarding priorities and scoring factors. Preliminary meetings held by the RRC are subject to the Texas Open Meetings Act. The RRC must notify each eligible locality in the region of the date, time and place of the preliminary meeting at least five days in advance of the meeting by first class (regular) mail, electronic mail, or telephone call. If a quorum is not established, the RRC preliminary meetings may be still be held, but no formal action may be taken. Sample scoring criteria may be developed with public participation and submitted to ORCA for preliminary review and for full discussion and deliberation by the RRC during the public hearing.

(2) Hold Public Hearing to Discuss, Select, and Adopt Scoring Factors. During the public hearing to discuss priorities and adopt objective scoring criteria, the public must be given an opportunity to comment on the priorities and the scoring criteria being considered by the RRC. The RRC may limit the duration of public comment period and length of time for comments. The final selection of the scoring factors is the responsibility of each RRC. The RRC may not adopt scoring factors that directly negate or offset ORCA scoring factors.

(3) RRC Indicates How Responses Will Be Scored and Identify Data Sources. 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.)

(d) RRC Selects Administrative Support Staff. The RRC shall select one of the following entities to develop the RRC Guidebook, calculate the RRC scores, and provide other administrative RRC support: Regional Council of Governments (COG), TxCDBG staff or TxCDBG designee, or a combination of COG and TxCDBG staff or TxCDBG designee. The RRC Guidebook must identify the entity responsible for calculating the scores and must define the role of each entity selected. The RRC support staff, as determined above, is responsible for reviewing and verifying RRC information found in the application for scoring purposes, but may not accept additional information from applicants. The RRC support staff may only use the application information forwarded by ORCA for scoring purposes.

(e) RRC May Establish Maximum Grant Amounts. RRC may establish maximum grant amounts within the following ranges:

(1) Single Jurisdiction Applications: \$250,000 - \$800,000

(2) Multi- Jurisdiction Applications: \$350,000 - \$800,000

(3) Where the RRC takes no action, the grant maximum will be \$800,000 for single jurisdiction applications and \$800,000 for multi-jurisdiction applications.

(f) RRC Housing and Non-Border Colonia Set-Asides Encouraged. Each Regional Review Committee is highly encouraged to allocate a percentage or amount of its Community Development Fund (CD) 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.

(g) RRC Guidebook Adopted and Approved At Least 90 Days Prior to Application Deadline. The RRC Guidebook should be adopted by the RRC and approved by TxCDBG staff at least 90 days prior to the CD application deadline set by ORCA. The RRC shall disseminate the RRC Guidebook to the applicants upon written approval by ORCA. The RRC will be required to submit the public input documentation along with the RRC Guidebook to ORCA.

(h) RRC Scores Are Due to ORCA Within 30 Days to Completion of the Deficiency Period. RRC scores are due to ORCA within 30 days after ORCA notifies the region in writing that the deficiency period is complete. The RRC may not change the requested amount of Texas CDBG funding, change the scope of the project proposed, or negotiate the specifics of any application. Regional scores may be calculated and reported to

ORCA on less than full point intervals (i.e., using decimal points) in order to reduce the chance of ties between regional applicants. ORCA will retain these same intervals when calculating the total scores and final rankings. The RRC shall announce the RRC scores to the public after ORCA has reviewed the scores for accuracy and written approval is received.

(i) COGs Preparing Applications/Administering CD Contracts May Not Be Selected As RRC Support Staff. COGs that prepare CD Fund applications and manage contracts will not be allowed to serve as Regional Review Committee (RRC) support staff for that region during the public hearing and scoring of applications. These COGs may not prepare the RRC Guidebook or score the region's applications.

(j) Impacts of Failure to Adopt RRC Objective Scoring Factors. ORCA 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.

(k) 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 SRC and File a Complaint with the ORCA Board. An applicant applying under the CD Fund may appeal a decision of the 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.

~~(1) Meetings. Each meeting held by a regional review committee shall conform to the following requirements.~~

~~—(A) The regional review committee shall notify each eligible unit of general local government within the regional review committee's state planning region, in writing, of the date, time and location of its organizational meeting at least five days prior to the meeting. The regional review committee shall notify each applicant within its region, in writing, of the date, time and location of its scoring meeting at least five days prior to the meeting. The notices must be in the format specified by the Office in the most recent Regional Review Committee Guidebook. The notices must also be published in a regional newspaper at least three days prior to the meeting. Articles published in such newspapers which satisfy the content and timing requirements of this subparagraph will be accepted by the Office in lieu of publication of notices. The regional review committee must determine at its organizational meeting whether it will have a housing set-aside and include the decision and amount of housing set-aside in the regional review committee scoring guidelines.~~

~~(B) Each applicant shall be provided with the opportunity to make a presentation to the regional review committee at its scoring meeting.~~

~~—(C) The order of the presentations shall be randomly selected by the regional review committee~~

~~—(D) All discussions, deliberations and votes shall be made in public except for items which would be specifically exempted under the Texas Open Meetings Act. The scoring of applications must occur at the same meeting of the regional review committee at which the presentations by applicants are made.~~

~~—(E) A quorum of a simple majority of the current members of the regional review committee, rounded to the nearest whole number, shall be present. Any actions taken by a regional review committee in which a quorum was not present shall be voidable, provided however, that if a conflict of interest situation has required a regional review committee member to excuse himself, thus dropping the number of participating members below the simple majority requirement, a quorum shall have been considered present.~~

~~(2) Conflicts of interest. No member of a regional review committee shall vote on an application if the member is on the governing body of the applicant or in cases where that member has a personal or pecuniary interest as defined under state law. A county judge or county commissioner may not score an application from an incorporated city within the county, unless specifically authorized by the regional review committee. A regional review committee member may not discuss any application, including the scoring of any application that the member is allowed to score, with any person that may benefit from an award of TxCDBG funds to such application. If a regional review committee member discusses an application with any person that may benefit from an award of TxCDBG funds to such application, the regional review committee member shall abstain from the scoring of that application.~~

~~(3) Voting. Only appointed members of a regional review committee may vote on an action of the regional review committee. A regional review committee member may designate an alternate to participate in the member's absence. Each regional review committee shall retain all ballots or other voting records used by its members. Such records shall be maintained in an accessible location and be made available for inspection by the public for a period of one year. Each member of a regional review committee shall score each application individually and shall sign each of his or her ballots and other voting records or scoring sheets. The high and low scores are eliminated and the average of the remaining individual scores is the regional review committee's score on each scoring factor. Consensus scoring is not permitted.~~

~~(4) Scoring procedures. Each regional review committee (RRC) must submit its scoring procedures to the Office for approval before the procedures are disseminated to all eligible applicants in its region. The committee must establish, as part of the organizational meeting, a scoring methodology for each of the selection factors listed under Local Effort and Merits of the Project consistent with HUD regulations, as determined by TxCDBG. The scoring procedure must prescribe the method of documenting the committee member's score. The RRC may:~~

~~—(A) further subdivide the broad selection factors/categories into smaller categories/increments and provide additional detail in the RRC scoring for the Local Effort and Merits of the Project;~~

~~—(B) select certain "Key questions/Considerations/Factors" that can be used to evaluate the broad selection factor/category and develop a specific number of scoring ranges, including a scoring range for Yes/No answers; or~~

~~—(C) a combination of A and B, which includes a subdivision of the categories into smaller increments and key questions/considerations with specific scoring ranges. Factors selected must be unambiguous in the method of scoring them. As part of the process, the committee must retain documentation showing how each committee member awarded points under this factor and provide a copy of this documentation of the TxCDBG.~~

~~(d) Appeals. An applicant may appeal the actions of the regional review committee established in its state planning region by following the procedures set forth in this subsection. The Office will withhold the running of computer scores on community development fund applications for five working days after the regional review committee's scoring meeting or until all regional appeals, if any, have been resolved, whichever is longer. A regional review committee must provide written notification of each appeal to all applicants in the region. An applicant that is adversely affected by the~~

~~action of its regional review committee on an appeal, may appeal that action in accordance with the procedures specified in this subsection.~~

~~—(1) An applicant shall notify its regional review committee, in writing, of an alleged violation of regional review committee procedures committed by the regional review committee within five working days after the date of the regional review committee meeting which is the subject of the appeal. The applicant shall also send a copy of the appeal to the Office. All appeals must be based on a specifically identified violation of regional review committee procedures.~~

~~—(2) Within 10 working days after the receipt of an appeal, the regional review committee shall notify all the applicants within its region that the regional review committee will reconvene to hear the appeal. If a quorum of the regional review committee agrees that the alleged procedural violation occurred, the regional review committee shall sustain the appeal, make appropriate adjustments to regional scores, and notify the Office. If a quorum of the regional review committee votes to deny the appeal, the regional review committee shall provide all applicants in the region and the Office with a written statement of the basis of its denial.~~

~~—(3) If the appeal is resolved, the Office runs the computer scores and provides funding recommendations to the state review committee.~~

~~—(4) If the appeal is not resolved, the Office prepares an appeal file for the state review committee. The file includes:~~

~~—(A) the appeal;~~

~~—(B) the response of the regional review committee;~~

~~—(C) Office staff reports; and~~

~~—(D) comments of other interested parties.~~

~~—(5) The state review committee shall make one of the following recommendations to the executive director of the Office:~~

~~—(A) sustain the appeal and suggest corrective actions; or~~

~~—(B) reject the appeal and sustain the regional scores.~~

RULE §255.9

Colonia Fund

(a) – (b) No change.

(c) Types of applications.

(1) Colonia Planning and Construction Fund.

(A) Colonia Construction Component. 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 TxCDBG applications from localities that have been funded through the Texas Water Development Board

Economically Distressed Areas Program (TWDB EDAP) where the TxCDBG 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:

(i) 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.

(ii) Other Improvements – Other activities eligible under 42 U.S.C Section 5305 designed to meet the needs of colonia residents.

(B) Colonia Construction 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. 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.

(i) Colonia Area Planning Activities. 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. An eligible county may submit an application for eligible planning activities that are targeted to one or more colonia areas. Eligible activities include:

(I) Payment of the cost of planning community development (including water and sewage facilities) and housing activities;

(II) 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

(III) 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.

(ii) 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:

(I) Verification of the number of dwellings, number of lots, number of occupied lots, and the number of persons residing in each county colonia

(II) Mapping of the locations of each county colonia

(III) Demographic and economic information on colonia residents

(IV) The physical environment in each colonia including land use and conditions, soil types, and flood prone areas

(V) An inventory of the existing infrastructure (water, sewer, streets, drainage) in each colonia and the infrastructure needs in each colonia including projected infrastructure costs

(VI) The condition of the existing housing stock in each colonia and projected housing costs

(VII) 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

(VIII) Goals and Objectives

(IX) Five-year capital improvement program

(2) Colonia Economically Distressed Areas Program (CEDAP) Legislative Set-aside. The allocation is distributed on an as-needed basis. 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 TxCDBG), taps and meters (when approved by the TxCDBG), 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.

(3) Colonia Self-Help Centers Legislative Set-aside. The colonia self-help centers fund is allocated on an annual basis to counties included in Subchapter Z, Chapter 2306, §2306.582, Texas Government Code, and/or counties designated as economically distressed areas under Chapter 17, Texas Water 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. ~~Eligible applicants may submit one application for the colonia construction fund and the colonia planning fund. Eligible applicants may submit one application for the colonia EDAP fund, unless the TxCDBG has an excess amount of colonia EDAP funds available in which case an eligible applicant could submit more than one application for the colonia EDAP fund. Eligible planning activities cannot be included in an application for the colonia construction fund. Two separate fund categories are available under the colonia planning fund. The colonia area planning fund is available for eligible planning activities that are targeted to selected colonia areas. The colonia comprehensive planning fund is available for countywide comprehensive planning activities that include an assessment and profiles of a county's colonia areas. Separate competitions are held for the colonia area planning fund and colonia comprehensive planning fund allocations. A county that has previously received a colonia comprehensive planning fund grant award from the Office may not submit another application for colonia comprehensive planning fund assistance. For a county to be eligible to submit an application for the colonia area planning fund, the county must have previously completed a colonia comprehensive plan that prioritizes problems and colonias for future action. The colonia or colonias included in the colonia area planning fund application must be colonias that were included in the colonia comprehensive plan.~~

~~(d) Funding cycle. The colonia construction fund is allocated to eligible county applicants on a biennial basis for the 2007 and 2008 program years pursuant to a competition held for the 2007 program year applicants. The colonia planning fund is allocated on an annual basis to eligible county applicants through competitions conducted during the program year. Applications for funding must be received by the Office by the dates and times specified in the most recent application guide for each separate colonia fund category. The colonia self-help centers fund is allocated on an annual basis to counties included in Subchapter Z, Chapter 2306, §2306.582, Texas Government Code, and/or counties designated as economically distressed areas under Chapter 17, Texas Water Code. The colonia EDAP fund is allocated on an annual basis and the funds are distributed on an as-needed basis.~~

(e) Selection procedures.

(1) On or before the application deadline, each eligible county may submit one application for the colonia construction component, colonia area planning activities, and colonia comprehensive planning activities. ~~colonia construction fund, for colonia comprehensive planning, and for colonia area planning.~~ Eligible applicants for the colonia EDAP fund may submit one application after construction begins on the water or sewer system financed by the Texas Water Development Board's Economically Distressed Areas Program.

(2) – (3) No Change.

(4) The Office then scores the colonia construction component, colonia area planning activities, and colonia comprehensive planning activities ~~colonia construction fund and colonia planning fund~~ applications to determine rankings. Scores on the selection factors are derived from standardized data from the Census Bureau, other federal or state sources, and from information provided by the applicant. For colonia EDAP fund

applications, the Office evaluates information in each application and other factors before the completion of a final technical review of each application.

(5) Following a final technical review, the Office staff presents the funding recommendations for the [2009 and 2010](#)~~2007 and 2008~~ colonia ~~construction~~ fund [and colonia EDAP fund](#) ~~and the 2007 colonia planning fund~~ to the executive director of the Office. In consultation with the executive director and TxCDBG staff, the state review committee reviews and approves grant applications and associated funding awards of eligible counties and municipalities.

(6) Upon announcement of the [2009 and 2010](#)~~2007~~ contract awards, the Office staff works with recipients to execute the contract agreements. While the award must be based on the information provided in the application, the Office may negotiate any element of the contract with the recipient as long as the contract amount is not increased and the level of benefits described in the application is not decreased. The level of benefits may be negotiated only when the project is partially funded.

(f) Selection criteria (colonia ~~construction~~ fund). The following is an outline of the selection criteria used by the Office for scoring colonia ~~construction~~ fund applications ([colonia construction component, colonia area planning activities, and colonia comprehensive planning activities](#)). ~~For the 2007 and 2008 program years, four hundred thirty points are available.~~

(1) **Colonia construction component (430 total points maximum).**

~~(A)~~ **(1)** Community distress (total--35 points). All community distress factor scores are based on the unincorporated population of the applicant. An applicant that has 125% or more of the average of all applicants in the competition of the rate on any community distress factor, except per capita income, receives the maximum number of points available for that factor. An applicant with less than 125% of the average of all applicants in the competition on a factor will receive a proportionate share of the maximum points available for that factor. An applicant that has 75% or less of the average of all applicants in the competition on the per capita income factor will receive the maximum number of points available for that factor. An applicant with greater than 75% of the average of all applicants in the competition on the per capita income factor will receive a proportionate share of the maximum points available for that factor.

~~(i)~~ **(A)** Percentage of persons living in poverty--15 [points](#)

~~(ii)~~ **(B)** Per capita income--10 [points](#)

~~(iii)~~ **(C)** Percentage of housing units without complete plumbing--5 [points](#)

~~(iv)~~ **(D)** Unemployment rate--5 [points](#)

~~(B)~~ **(2)** Benefit to low and moderate income persons (total--30 points). A formula is used to determine the percentage of TxCDBG 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 TxCDBG funds requested for each corresponding construction, acquisition, and engineering activity. Those calculations determine the amount of TxCDBG 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 TxCDBG funds requested minus the TxCDBG funds requested for administration to determine the percentage of TxCDBG funds benefiting low to moderate income persons. Points are then awarded in accordance with the following scale:

(i) ~~(A)~~ 100% to 90% of funds benefiting low to moderate income persons--30 [points](#)
(ii) ~~(B)~~ 89.99% to 80% of funds benefiting low to moderate income persons--25 [points](#)

(iii) ~~(C)~~ 79.99% to 70% of funds benefiting low to moderate income persons--20 [points](#)

(iv) ~~(D)~~ 69.99% to 60% of funds benefiting low to moderate income persons--15 [points](#)

(v) ~~(E)~~ Below 60% of funds benefiting low to moderate income persons--5 [points](#)

(C) ~~(3)~~ Project priorities (total--195 points). When necessary, a weighted average is used to assign scores to applications which include activities in the different project priority scoring levels. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for engineering and administration, a percentage of the total TxCDBG construction dollars for each activity is calculated. The percentage of the total TxCDBG construction dollars for each activity is then multiplied by the appropriate project priorities point level. The sum of the calculations determines the composite project priorities score. The different project priority scoring levels are:

(i) ~~(A)~~ activities (service lines, service connections, and/or plumbing improvements) providing access to water and/or sewer systems funded through the Texas Water Development Board Economically Distressed Area program--195 [points](#)

(ii) ~~(B)~~ first time public water service activities (including yard service lines)--145 [points](#)

(iii) ~~(C)~~ first time public sewer service activities (including yard service lines)--145 [points](#)

(iv) ~~(D)~~ installation of approved residential on-site wastewater disposal systems for providing first time service--145 [points](#)

(v) ~~(E)~~ installation of approved residential on-site wastewater disposal systems for failing systems that cause health issues--140 [points](#)

(vi) ~~(F)~~ housing activities--140 [points](#)

(vii) ~~(G)~~ first time water and/or sewer service through a privately-owned for profit utility--135 [points](#)

(viii) ~~(H)~~ expansion or improvement of existing water and/or sewer service--120 [points](#)

(ix) ~~(I)~~ street paving and drainage activities--75 [points](#)

(x) ~~(J)~~ all other eligible activities--20 [points](#)

(D) ~~(4)~~ Matching funds (total--20 points). An applicant's matching share may consist of one or more of the following contributions: cash; in-kind services or equipment use; materials or supplies; or land. An applicant's match is considered only if the contributions are used in the same target areas for activities directly related to the activities proposed in its application; if the applicant demonstrates that its matching share has been specifically designated for use in the activities proposed in its application; and if the applicant has used an acceptable and reasonable method of valuation. 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 TxCDBG does not consider sewer or water service lines and connections as housing activities. The TxCDBG 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.

(i) ~~(A)~~ Applicants with populations equal to or less than 1,500 according to the 2000 census:

(I) ~~(i)~~ match equal to or greater than 5.0% of grant request--20 [points](#);

(II) ~~(ii)~~ match at least 2.0% but less than 5.0% of grant request--10 [points](#);

(III) ~~(iii)~~ match less than 2.0% of grant request--0 [points](#).

(ii) ~~(B)~~ Applicants with populations equal to or less than 3,000 but over 1,500 according to the 2000 census:

(I) ~~(i)~~ match equal to or greater than 10% of grant request--20 [points](#);

(II) ~~(ii)~~ match at least 2.5% but less than 10% of grant request--10 [points](#);

(III) ~~(iii)~~ match less than 2.5% of grant request--0 [points](#).

(iii) ~~(C)~~ Applicants with populations equal to or less than 5,000 but over 3,000 according to the 2000 census:

(I) ~~(i)~~ match equal to or greater than 15% of grant request--20 [points](#);

(II) ~~(ii)~~ match at least 3.5% but less than 15% of grant request--10 [points](#);

(III) ~~(iii)~~ match less than 3.5% of grant request--0 [points](#).

(iv) ~~(D)~~ Applicants with populations over 5,000 according to the 2000 census:

(I) ~~(i)~~ match equal to or greater than 20% of grant request--20 [points](#);

(II) ~~(ii)~~ match at least 5.0% but less than 20% of grant request--10 [points](#);

(III) ~~(iii)~~ match less than 5.0% of grant request--0 [points](#).

(E) ~~(S)~~ Project design (total--140 points). Each application is scored based on how the proposed project resolves the identified need and the severity of need within the applying jurisdiction. A more detailed description on the assignment of points under the project design scoring is included in the application guide for this fund and in paragraph (6) of this subsection. Each application is scored by a committee composed of TxCDBG staff using the following information submitted in the application:

(i) ~~(A)~~ the severity of need within the colonia area(s) and how the proposed project resolves the identified need (additional consideration is given to water activities addressing impacts from drought conditions);

(ii) ~~(B)~~ the TxCDBG cost per low to moderate income beneficiary;

(iii) ~~(C)~~ the applicant's past efforts, especially the applicant's most recent efforts, to address water, sewer, and housing needs in colonia areas through applications submitted

under the TxCDBG community development fund or through community development block grant entitlement funds;

(iv) ~~(D)~~ 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;

(v) ~~(E)~~ the ability of the applicant to utilize the grant funds in a timely manner;

(vi) ~~(F)~~ the availability of grant funds to the applicant for project financing from other sources;

(vii) ~~(G)~~ whether the applicant, or the service provider, has waived the payment of water or sewer service assessments, capital recovery fees, and other access fees for the proposed low and moderate income project beneficiaries;

(viii) ~~(H)~~ whether the applicant's proposed use of TxCDBG funds is to provide water or sewer connections/yardlines and/or plumbing improvements that provide access to water/sewer systems financed through the Texas Water Development Board Economically Distressed Areas Program;

(ix) ~~(I)~~ whether the applicant has already met its basic water and wastewater needs if the application is for activities other than water or wastewater;

(x) ~~(J)~~ whether the project has provided for future funding necessary to sustain the project;

(xi) ~~(K)~~ whether the applicant has provided any local matching funds for administrative, engineering, or construction activities;

(xii) ~~(L)~~ the applicant's past performance on previously awarded TxCDBG contracts; and

(xiii) ~~(M)~~ proximity of project site to entitlement cities or metropolitan statistical areas.

(F) ~~(N)~~ Project design scoring guidelines. Project design scores are assigned by Office staff using guidelines that first consider the severity of the need for each application activity and how the project resolves the need described in the application. The severity of need and resolution of the need determine the maximum project design score that can be assigned to an application. After the maximum project design score has been established, points are then deducted from this maximum score through the evaluation of the other project design evaluation factors until the maximum score and the point deductions from that maximum score determine the final assigned project design score. When necessary, a weighted average is used to set the maximum project design score to applications that include activities in the different severity of the need/project resolution maximum scoring levels. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for engineering and administration, a percentage of the total TxCDBG construction dollars for each activity is calculated. The percentage of the total TxCDBG construction dollars for each activity is then multiplied by the appropriate maximum project design point level. The sum of the calculations determines the maximum project design score that the applicant can be assigned before points are deducted based on the evaluation of the other project design factors.

(i) ~~(A)~~ Maximum project design score that can be assigned based on the severity of the need and resolution of the problem.

(1) ~~(B)~~ Activities providing first-time public sewer service to the area--maximum score 140 points.

(II) ~~(ii)~~ Activities providing first-time public water service to the area--maximum score 140 points.

(III) ~~(iii)~~ Installation of approved residential on-site wastewater disposal systems providing first-time sewer service--maximum score 140 points.

(IV) ~~(iv)~~ Installation of approved residential on-site wastewater disposal systems for failing systems that cause health issues--maximum score 130 points.

(V) ~~(v)~~ Housing rehabilitation and eligible new housing construction--maximum score 130 points.

(VI) ~~(vi)~~ Water activities addressing and resolving water supply shortage from drought conditions--maximum score 130 points.

(VII) ~~(vii)~~ Water or sewer activities expanding or improving existing water or sewer system--maximum score 125 points.

(VIII) ~~(viii)~~ Street paving activities providing first time surface pavement to the area--maximum score 100 points.

(IX) ~~(ix)~~ Installation of designed drainage structures providing first time designed drainage system to the area--maximum score 100 points.

(X) ~~(x)~~ Reconstruction of streets with existing surface pavement--maximum score 90 points.

(XI) ~~(xi)~~ Installation of improvements or drainage structures to a designed drainage system--maximum score 90 points.

(XII) ~~(xii)~~ All other eligible activities--maximum score 80 points.

(ii) ~~(B)~~ TxCDBG cost per low to moderate income beneficiary. The total amount of TxCDBG funds requested by the applicant is divided by the total number of low to moderate income persons benefiting from the application activities to determine the TxCDBG cost per beneficiary.

(I) ~~(i)~~ Cost per low to moderate income beneficiary is equal to or less than \$2,000. Deduct zero points from the set maximum project design score.

(II) ~~(ii)~~ Cost per low to moderate income beneficiary is greater than \$2,000 but equal to or less than \$4,000. Deduct 1 point from the set maximum project design score.

(III) ~~(iii)~~ Cost per low to moderate income beneficiary is greater than \$4,000 but equal to or less than \$6,000. Deduct 2 points from the set maximum project design score.

(IV) ~~(iv)~~ Cost per low to moderate income beneficiary is greater than \$6,000 but equal to or less than \$8,000. Deduct 3 points from the set maximum project design score.

(V) ~~(v)~~ Cost per low to moderate income beneficiary is greater than \$8,000 but equal to or less than \$10,000. Deduct 4 points from the set maximum project design score.

(VI) ~~(vi)~~ Cost per low to moderate income beneficiary is greater than \$10,000 but equal to or less than \$11,000. Deduct 5 points from the set maximum project design score.

(VII) ~~(vii)~~ Cost per low to moderate income beneficiary is greater than \$11,000 but equal to or less than \$13,000. Deduct 10 points from the set maximum project design score.

(VIII) ~~(viii)~~ Cost per low to moderate income beneficiary is greater than \$13,000 but equal to or less than \$15,000. Deduct 15 points from the set maximum project design score.

~~(IX) (ix)~~ Cost per low to moderate income beneficiary is greater than \$15,000 but equal to or less than \$17,000. Deduct 20 points from the set maximum project design score.

~~(X) (x)~~ Cost per low to moderate income beneficiary is greater than \$17,000 but equal to or less than \$19,000. Deduct 30 points from the set maximum project design score.

~~(XI) (xi)~~ Cost per low to moderate income beneficiary is greater than \$19,000. Deduct 40 points from the set maximum project design score.

~~(iii) (E)~~ The applicant's past efforts, especially the applicant's most recent efforts, to address water, sewer, and housing needs in colonia areas through applications submitted under the TxCDBG community development fund or through community development block grant entitlement funds.

~~(I) (I)~~ The nonentitlement county submitted an application under the TxCDBG community development fund 2005/2006 biennial competition that was not addressing water, sewer, and housing needs in colonia areas. Deduct 3 points from the set maximum project design score.

~~(II) (ii)~~ The nonentitlement county submitted an application under the TxCDBG community development fund 2003/2004 biennial competition that was not addressing water, sewer, and housing needs in colonia areas. Deduct 3 points from the set maximum project design score.

~~(III) (iii)~~ The entitlement county did not use 2005 CDBG entitlement funds to address water, sewer, and housing needs in colonia areas. Deduct 3 points from the set maximum project design score.

~~(IV) (iv)~~ The entitlement county did not use 2004 CDBG entitlement funds to address water, sewer, and housing needs in colonia areas. Deduct 3 points from the set maximum project design score.

~~(iv) (D)~~ 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.

(i) The projected water and/or sewer rates may be too high for the application beneficiaries. Deduct 1 point from the set maximum project design score.

(ii) The projected water and/or sewer rates are too low to discourage water conservation by the application beneficiaries. Deduct 1 point from the set maximum project design score.

~~(v) (E)~~ The ability of the applicant to utilize the grant funds in a timely manner.

(i) The application includes the acquisition of real property, easements or rights-of-way. Deduct 1 point from the set maximum project design score.

(ii) The application includes matching funds that have not been secured by the applicant. Deduct 1 point from the set maximum project design score.

(iii) The proposed application target area is not located in an area where a service provider already has the certificate of convenience and necessity (CCN) needed to provide service to the application beneficiaries. Deduct 1 point from the set maximum project design score.

~~(vi) (F)~~ The availability of grant funds to the applicant for project financing from other sources. Grant funds for any activity included in the application are available from another source. Deduct 1 point from the set maximum project design score.

(vii) ~~(G)~~ The applicant, or the service provider, has not waived the payment of water or sewer service assessments, capital recovery fees, and other access fees for the proposed low and moderate income project beneficiaries.

(I) ~~(H)~~ Assessments and fees budgeted in the application are equal to or less than \$100 per low and moderate income household. Deduct 2 points from the set maximum project design score.

(II) ~~(I)~~ Assessments and fees budgeted in the application are greater than \$100 but equal to or less than \$200 per low and moderate income household. Deduct 4 points from the set maximum project design score.

(III) ~~(II)~~ Assessments and fees budgeted in the application are greater than \$200 but equal to or less than \$300 per low and moderate income household. Deduct 6 points from the set maximum project design score.

(IV) ~~(III)~~ Assessments and fees budgeted in the application are greater than \$300 but equal to or less than \$500 per low and moderate income household. Deduct 8 points from the set maximum project design score.

(V) ~~(IV)~~ Assessments and fees budgeted in the application are greater than \$500 per low and moderate income household. Deduct 10 points from the set maximum project design score.

(vii) ~~(H)~~ Applicant's proposed use of TxCDBG funds does not provide water or sewer connections/yardlines and/or plumbing improvements that provide access to water/sewer systems financed through the Texas Water Development Board Economically Distressed Areas Program. Deduct 2 points from the set maximum project design score.

(viii) ~~(I)~~ The application is for activities other than water or wastewater and the applicant has not already met its basic water and wastewater needs. Deduct 3 points from the set maximum project design score.

(ix) ~~(II)~~ The applicant has not documented that future funding necessary to sustain the project is available. Deduct 3 points from the set maximum project design score.

(G) ~~(7)~~ Past performance. An applicant receives from zero to ten points based on the applicant's past performance on previously awarded TxCDBG contracts. The applicant's score will primarily be based on an assessment of the applicant's performance on the applicant's two most recent TxCDBG contracts that have reached the end of the original contract period stipulated in the contract. TxCDBG staff may also assess the applicant's performance on existing TxCDBG contracts that have not reached the end of the original contract period. An applicant that has never received a TxCDBG grant award will automatically receive these points. TxCDBG staff will assess the applicant's performance on TxCDBG contracts up to the application deadline date. The applicant's performance on TxCDBG contracts after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance may include, but is not necessarily limited to the following:

(i) ~~(A)~~ The applicant's completion of the previous contract activities within the original contract period.

(ii) ~~(B)~~ The applicant's submission of the required close-out documents within the period prescribed for such submission.

(iii) ~~(C)~~ The applicant's timely response to monitoring findings on previous TxCDBG contracts especially any instances when the monitoring findings included disallowed costs.

(iv) ~~(D)~~ The applicant's timely response to audit findings on previous TxCDBG contracts.

(v) ~~(E)~~ The applicant's submission of all contract reporting requirements such as quarterly progress reports, certificates of expenditures, and project completion reports.

(H) 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.

(2) Colonia area planning component (340 Total Points Maximum) ~~(g) Selection criteria (colonia area planning fund)~~. The following is an outline of the selection criteria used by the Office for scoring applications for eligible planning activities under this fund. Three hundred forty points are available.

(A) ~~(H)~~ Community distress (total--up to 35 points). All community distress factor scores are based on the unincorporated population of the applicant. An applicant that has 125% or more of the average of all applicants in the competition of the rate on any community distress factor, except per capita income, receives the maximum number of points available for that factor. An applicant with less than 125% of the average of all applicants in the competition on a factor will receive a proportionate share of the maximum points available for that factor. An applicant that has 75% or less of the average of all applicants in the competition on the per capita income factor will receive the maximum number of points available for that factor. An applicant with greater than 75% of the average of all applicants in the competition on the per capita income factor will receive a proportionate share of the maximum points available for that factor.

(i) ~~(A)~~ Percentage of persons living in poverty--15 points

(ii) ~~(B)~~ Per capita income--10 points

(iii) ~~(C)~~ Percentage of housing units without complete plumbing--5 points

(iv) ~~(D)~~ Unemployment Rate--5 points

(B) ~~(2)~~ Benefit to low and moderate income persons (total--30 points). Points are awarded based on the low and moderate income percentage for all of the colonia areas where project activities are located according to the following scale:

(i) ~~(A)~~ (A) 100% to 90% of funds benefiting low to moderate income persons--30 points

(ii) ~~(B)~~ 89.99% to 80% of funds benefiting low to moderate income persons--25 points

(iii) ~~(C)~~ 79.99% to 70% of funds benefiting low to moderate income persons--20 points

(iv) ~~(D)~~ 69.99% to 60% of funds benefiting low to moderate income persons--15 points

(v) ~~(E)~~ Below 60% of funds benefiting low to moderate income persons--5 points

(C) ~~(3)~~ Project design (total--255 points). Each application is scored based on how the proposed planning effort resolves the identified need and the severity of need within the

applying jurisdiction. A colonia planning fund application must receive a minimum score for the project design selection factor of at least 70 percent of the maximum number of points available under this factor to be considered for funding. A more detailed description on the assignment of points under the project design scoring is included in the application guide for this fund. Each application is scored by TxCDBG staff using the following information submitted in the application:

~~—(A) the severity of need within the colonia area(s) (total—up to 60 points);~~

(i) Evidence of severity of need as described in originally received application (total--up to 10 points).

(ii) Applicant provides documentation that proposed colonia(s) is/are ranked high that is, within the top five colonias in its “comprehensive plan” as submitted to the TxCDBG (up to 30 points)~~Primary need within all target area colonia(s) generally as reported in originally received application (total—up to 20 points):~~

~~(iii)(I)~~ all target area colonia(s) not platted (up to 20 points)

~~(iv)(II)~~ all target area colonia(s) with no water (up to 20 points)

~~(v)(III)~~ all target area colonia(s) with no wastewater (up to 20 points)

~~(vi)(IV)~~ all or some target area colonia(s) are partially platted or platted but not recorded (up to 10 points)

~~(vii)(V)~~ target area colonia(s) partial water (up to 10 points)

~~(viii)(VI)~~ target area colonia(s) partial sewer (up to 10 points)

~~(ix)(III)~~ Population (total--10 points). The change in county population from 1990 and current HUD estimate 2000 is between:

(I) greater than 5% but less than or equal to 10% (2 points)

(II) greater than 10% but less than or equal to 15% (4 points)

(III) greater than 15% but less than or equal to 20% (6 points)

(IV) greater than 20% but less than or equal to 25% (8 points)

(V) greater than 25% (10 points)

~~(x)(iv)~~ Needs are clearly identified in original application by priority through a community needs assessment (total--up to 5 points).

~~(xi)(v)~~ Evidence provided in the original application of **strong** citizen input or known citizen involvement in addressing need (total--up to 15 points).

~~—(vi) Evidence provided in the original application of effort to notify special groups to solicit information on severity of need (total—up to 5 points):~~

~~(xii)(vii)~~ Evidence provided in the original application that the public hearings to solicit input on needs were performed as described in the application guide (total--up to 28 points).

~~(B) how clearly the proposed planning effort removes barriers to the provision of public facilities to the colonia area(s) and results in a strategy to resolve the identified needs (total—up to 60 points);~~

~~(xiii)(i)~~ Proposed planning efforts as described in the application are clear, concise and reasonable (total--up to 20 points).

~~(ii) Proposed target area is clearly defined in the application (total—up to 15 points).~~

~~(iii) Proposed planning efforts as described in the application match the needs in the target area (total—up to 15 points).~~

~~—(iv) Evidence in the application that the county is organized to implement the plan or would ensure that the plan is implemented (total—up to 15 points).~~

~~(C) the planning activities proposed in the application (total up to 65 points);~~

~~(xiv)-(i) The description of planning activity in the original application:~~

~~(I) Originally submitted TABLE 1 requests eligible activities (3 points)~~

~~(II) Originally submitted TABLE 1 proposes an inventory, analysis and plan or an eligible activity not previously funded through the Colonia Fund (3 points)~~

~~(III) Originally submitted TABLE 1 addresses identified needs (3 points)~~

~~(IV) Originally submitted TABLE 1 activities match Table 2 planning elements (3 points)~~

~~(V) Originally submitted TABLE 1 describes or indicates an implementable strategy, for example, a capital improvements plan or other method (3 points)~~

~~(xv) All proposed activities will be conducted on a colonia-wide basis (10 points)~~

~~(xvi) The extent to which any previous planning efforts for colonia areas have been accomplished. Applicant was a previous recipient of Colonia Planning Funds and through implementation of previously funded activities a colonia has been eliminated from colonia status (water, wastewater and housing needs have been provided for). Evidence such as a resolution of the commissioner's court that county has eliminated a colonia from the original colonia list in the comprehensive study or the OAG list thus indicating that the county is organized to implement the plan or would ensure that the plan is implemented. Points will be awarded if applicant is a previous recipient of a Colonia Comprehensive Planning Fund award and certifies completion of all of a colonia's needs since the colonia's problems were last studied. (25 points)~~

~~(I) Describes eligible activities (total up to 7 points):~~

~~—(II) Describes understanding of plan process (total up to 7 points):~~

~~—(III) Addresses identified needs (total up to 7 points):~~

~~—(IV) Appears to result in solution to problems (total up to 7 points):~~

~~—(V) Indicates a strategy that can be implemented (total 7 points):~~

~~—(ii) Considering the applicant's probable capability, the Colonia Questionnaire in the original application indicates an attempt to control problems and the original submission was complete (total up to 10 points):~~

~~—(iii) Applicant has indicated in the application that a capital improvement programming process is routinely accomplished or will be developed as part of the planning project (total up to 10 points):~~

~~—(iv) Applicant's responses to questions in the originally submitted application appear to indicate that the applicant will produce a valid Capital Improvements Program that would draw on local resources and other grant/loan programs (total up to 10 points):~~

~~—(D) whether each proposed planning activity is conducted on a colonia wide basis (total up to 10 points). All proposed activities will be conducted on a colonia wide basis (up to 10 points);~~

~~—(E) the extent to which any previous planning efforts for colonia areas have been accomplished (total up to 12 points). Applicant was a previous recipient of Colonia Planning Funds and some implementation of previously funded activities or special or extenuating circumstances prohibiting implementation exist. Points will be awarded if applicant is not a previous recipient of a Colonia Planning Fund award. Points will not be awarded if applicant did not implement previously funded activities and no special or extenuating circumstances prohibiting implementation exist;~~

~~—(F) the TxCDBG cost per low to moderate income beneficiary;~~

(xvii)~~(i)~~ TxCDBG cost per low to moderate income beneficiary (total--15 points):

- (I) the TxCDBG cost per low to moderate income beneficiary is at least 50 percent below the median cost per beneficiary of all eligible applicants (15 points); or
- (II) the TxCDBG cost per low to moderate income beneficiary is at or below the median cost per beneficiary of all eligible applicants (10 points); or
- (III) the TxCDBG cost per low to moderate income beneficiary is below 150 percent of the median cost per beneficiary of all eligible applicants (7 points); or
- (IV) the TxCDBG cost per low to moderate income beneficiary is 150 percent or greater than the median cost per beneficiary of all eligible applicants (5 points).

~~(ii) Amount requested originally appears to be reasonable and relates to the described needs with respect to the location and characteristics of the proposed target area (up to 15 points).~~

(xviii)~~(G)~~ the availability of grant funds to the applicant for project financing from other sources ~~(total--6 points)~~. The area would be eligible for funding under the Texas Water Development Board's Economically Distressed Areas Program (EDAP) or other programs as described in the original application; ~~and~~ (total--6 points)

(xix)~~(H)~~ the applicant's past performance on prior TxCDBG contracts. An applicant can receive from zero to twelve points based on the applicant's past performance on previously awarded TxCDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two most recent TxCDBG contracts that have reached the end of the original contract period stipulated in the contract. The TxCDBG may also assess the applicant's performance on existing TxCDBG contracts that have not reached the end of the original contract period. Applicants that have never received a TxCDBG grant award will automatically receive these points. The TxCDBG will assess the applicant's performance on TxCDBG 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 may include, but is not necessarily limited to the following:

(I) ~~(i)~~ The applicant's completion of the previous two most recent contracts contract activities within the original contract period (up to 3 points).

(II) ~~(ii)~~ The applicant's submission of the required close-out documents for aforementioned contracts within the period prescribed for such submission (up to 3 points).

(III) ~~(iii)~~ The applicant's timely response to monitoring findings on previous TxCDBG contracts especially any instances when the monitoring findings included disallowed costs (up to 3 points).

(IV) ~~(iv)~~ The applicant's timely response to audit findings on previous TxCDBG contracts (up to 3 points).

(D)~~(4)~~ Matching funds (total--20 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.

(i) ~~(A)~~ Applicants with populations equal to or less than 1,500 according to the 2000 census:

(I) ~~(i)~~ match equal to or greater than 5.0% of grant request--20 points;

(II) ~~(ii)~~ match at least 2.0% but less than 5.0% of grant request--10 points;

(III) ~~(iii)~~ match less than 2.0% of grant request--0 points.

(ii) ~~(B)~~ Applicants with populations equal to or less than 3,000 but over 1,500 according to the 2000 census:

- (I) ~~(i)~~ match equal to or greater than 10% of grant request--20 points;
- (II) ~~(ii)~~ match at least 2.5% but less than 10% of grant request--10 points;
- (III) ~~(iii)~~ match less than 2.5% of grant request--0 points.

(iii) ~~(C)~~ Applicants with populations equal to or less than 5,000 but over 3,000 according to the 2000 census:

- (I) ~~(i)~~ match equal to or greater than 15% of grant request--20 points;
 - (II) ~~(ii)~~ match at least 3.5% but less than 15% of grant request--10 points;
 - (III) ~~(iii)~~ match less than 3.5% of grant request--0 points.
- (iv) ~~(D)~~ Applicants with populations over 5,000 according to the 2000 census:
- (I) ~~(i)~~ match equal to or greater than 20% of grant request--20 points;
 - (II) ~~(ii)~~ match at least 5.0% but less than 20% of grant request--10 points;
 - (III) ~~(iii)~~ match less than 5.0% of grant request--0 points.

(F) ~~(4)~~ 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 TxCDBG fund categories.

(3) Colonia construction component (200 Total Points Maximum). ~~(h) Selection criteria (colonia comprehensive planning fund).~~ The following is an outline of the selection criteria used by the Office for scoring applications for eligible planning activities under this fund. Two hundred points are available.

(A) ~~(1)~~ Community distress (total--25 points). All community distress factor scores are based on the unincorporated population of the applicant. An applicant that has 125% or more of the average of all applicants in the competition of the rate on any community distress factor, except per capita income, receives the maximum number of points available for that factor. An applicant with less than 125% of the average of all applicants in the competition on a factor will receive a proportionate share of the maximum points available for that factor. An applicant that has 75% or less of the average of all applicants in the competition on the per capita income factor will receive the maximum number of points available for that factor. An applicant with greater than 75% of the average of all applicants in the competition on the per capita income factor will receive a proportionate share of the maximum points available for that factor.

- (i) ~~(A)~~ Percentage of persons living in poverty--10 points
- (ii) ~~(B)~~ Per capita income--5 points
- (iii) ~~(C)~~ Percentage of housing units without complete plumbing--5 points
- (iv) ~~(D)~~ Unemployment Rate--5 points

(B) ~~(2)~~ Project design (total--175 points). A colonia planning fund application must receive a minimum score for the project design selection factor of at least 70 percent of the maximum number of points available under this factor to be considered for funding. A more detailed description on the assignment of points under the project design scoring is included in the application guide for this fund. Each application is scored by the Office staff using the following information submitted in the application:

(i) ~~(A)~~ 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 ~~(total--140 points)~~;

(I) ~~(A)~~ Evidence of severity of need as described in originally received application (total--~~100~~10 points).

(II) ~~(B)~~ Population (total--10 points). The change in county population from 1990 to current HUD estimate ~~and 2000~~ is between:

(-a-) ~~(I)~~ greater than ~~25~~% but less than or equal to ~~40~~% (2 points).

(-b-) ~~(II)~~ greater than ~~40~~% but less than or equal to ~~65~~% (4 points).

(-c-) ~~(III)~~ greater than ~~65~~% but less than or equal to ~~80~~% (6 points).

(-d-) ~~(IV)~~ greater than ~~80~~% but less than or equal to ~~1025~~% (8 points).

(-e-) ~~(V)~~ greater than ~~1025~~% (10 points).

(iii) ~~the county population in 2000 (total--10 points):~~

— ~~(I) the county population is at least 50 percent below the median county population of all eligible applicants (10 points).~~

— ~~(II) the county population is at or below the median county population of all eligible applicants (7 points).~~

— ~~(III) the county population is below 150 percent of the median county population of all eligible applicants (5 points).~~

— ~~(IV) the county population is 150 percent or greater than the median county population of all eligible applicants (2 points).~~

(III) ~~(iv)~~ Needs are clearly identified in original application by priority through a community needs assessment (total--~~25~~ points);

(IV) ~~(v)~~ Evidence provided in the original application of ~~strong~~ citizen input or known citizen involvement in addressing need (total--~~25~~ points);

~~(vi) Evidence provided in the original application of effort to notify special groups to solicit information on severity of need (total--5 points);~~

(V) ~~(vii)~~ Evidence provided in the original application that the public hearings to solicit input on needs were performed as described in the application guide (total--~~185~~ points);

(VI) ~~(viii)~~ Proposed planning efforts as described in the application are clear, concise and reasonable (total--~~20~~ points).

(VII) ~~(ix)~~ Proposed planning efforts as described in the application match the needs in the target area (total--~~25~~ points).

(VIII) ~~(xii)~~ Evidence in the application that the county is organized to implement the plan or would ensure that the plan is implemented (total--~~20~~ points).

(IX) ~~(xi)~~ The description of planning activity in the original application:

(-a-) ~~(I)~~ Describes eligible activities (total--~~15~~ points).

(-b-) ~~(II)~~ Describes understanding of plan process (total--~~15~~ points).

(-c-) ~~(III)~~ Addresses identified needs (total--~~15~~ points).

(-d-) ~~(IV)~~ Appears to result in solution to problems (total--~~15~~ points).

(-e-) ~~(V)~~ Indicates a strategy that can be implemented (total--~~15~~ points).

~~(X)(xii)~~ Considering the applicant's probable capability, the Colonia Questionnaire in the original application indicates an attempt to control problems and the original submission was complete (total--~~340~~ points).

~~(ii) (B)~~ the extent to which any previous planning efforts for colonia areas have been implemented (total--~~540~~ points). Applicant was a previous recipient of Colonia Planning Funds and some implementation of previously funded activities or special or extenuating circumstances prohibiting implementation exist. Points will be awarded if applicant is not a previous recipient of a Colonia Planning Fund award. Points will not be awarded if applicant did not implement previously funded activities and no special or extenuating circumstances prohibiting implementation existed;

~~(iii) (C)~~ whether the applicant provides any local matching funds for project activities. (total--~~1243~~ 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;~~

~~(I) At least 20% of TxCDBG requested amount match--12 points~~

~~(II) At least 15% of TxCDBG requested amount but less than 20% match--9 points~~

~~(III) At least 10% of TxCDBG requested amount but less than 15% match--6 points~~

~~(IV) At least 5% of TxCDBG requested amount but less than 10% match--3 points~~

~~(V) Under 5% of TxCDBG requested amount match--0 points~~

~~(i) Applicants with populations equal to or less than 1,500 according to the 2000 census:~~

~~(I) match equal to or greater than 5.0% of grant request--13;~~

~~(II) match at least 2.0% but less than 5.0% of grant request--7;~~

~~(III) match less than 2.0% of grant request--0.~~

~~(ii) Applicants with populations equal to or less than 3,000 but over 1,500 according to the 2000 census:~~

~~(I) match equal to or greater than 10% of grant request--13;~~

~~(II) match at least 2.5% but less than 10% of grant request--7;~~

~~(III) match less than 2.5% of grant request--0.~~

~~(iii) Applicants with populations equal to or less than 5,000 but over 3,000 according to the 2000 census:~~

~~(I) match equal to or greater than 15% of grant request--13;~~

~~(II) match at least 3.5% but less than 15% of grant request--7;~~

~~(III) match less than 3.5% of grant request--0.~~

~~(iv) Applicants with populations over 5,000 according to the 2000 census:~~

~~(I) match equal to or greater than 20% of grant request--13;~~

~~(II) match at least 5.0% but less than 20% of grant request--7;~~

~~(III) match less than 5.0% of grant request--0; and~~

~~(iv) (D)~~ the applicant's past performance on previously awarded TxCDBG contracts. An applicant can receive from zero to twelve points based on the applicant's past performance on previously awarded TxCDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two most recent TxCDBG contracts that have reached the end of the original contract period

stipulated in the contract. The TxCDBG may also assess the applicant's performance on existing TxCDBG contracts that have not reached the end of the original contract period. Applicants that have never received a TxCDBG grant award will automatically receive these points. The TxCDBG will assess the applicant's performance on TxCDBG 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:

(I)(~~ii~~) The applicant's completion of the previous contract, two most recent TxCDBG contracts contract activities within the original contract period (up to 3 points).

(II)(~~ii~~) The applicant's submission of the required close-out documents for aforementioned contracts within the period prescribed for such submission (up to 3 points).

(III)(~~iii~~) The applicant's timely response to monitoring findings on previous TxCDBG contracts especially any instances when the monitoring findings included disallowed costs (up to 3 points).

(IV)(~~iv~~) The applicant's timely response to audit findings on previous TxCDBG contracts (up to 3 points).

(i) Program guidelines (colonia self-help centers legislative set-asidefund). The colonia self-help centers legislative set-asidefund is administered by the Texas Department of Housing and Community Affairs (TDHCA) under an interagency agreement with the Office. The following is an outline of the administrative requirements and eligible activities under this fund.

(1) – (5) No change.

(j) No change.

RULE §255.11 Small Towns Environment Program Fund

(a) – (f) No change.

(g) Selection criteria. The following is an outline of the selection criteria used by the Office for scoring applications under the STEP fund. One hundred twenty (120) points are available. A project must score at least 75 points overall and 15 points under the factor in paragraph (2) of this subsection to be considered for funding.

(1) – (2)

(3) Past participation and performance (total--up to 15 points). An applicant receives up to 15 points on the following two factors.

(A) No change.

(B) An applicant can receive from zero to five points based on the applicant's past performance on previously awarded TxCDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two most recent TxCDBG contracts that have reached the end of the original contract period stipulated in the contract. The TxCDBG may also assess the applicant's performance on existing TxCDBG contracts that have not reached the end of the original contract period. Applicants that have never received a TxCDBG grant award will automatically receive these points. The TxCDBG will assess the applicant's performance on TxCDBG 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 may include, but is not necessarily limited to the following:

(i) The applicant's completion of the previous contract activities within the original contract period ~~(total--2 points)~~.

(ii) The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports ~~(total--1 point)~~.

(iii) The applicant's submission of the required close-out documents within the period prescribed for such submission ~~(total--1 point)~~.

(iv) The applicant's timely response to monitoring findings on previous TxCDBG contracts especially any instances when the monitoring findings included disallowed costs ~~and the applicant's timely response to audit findings on previous TxCDBG contracts (total--1 point)~~.

(v) The applicant's timely response to audit findings on previous TxCDBG contracts.

(4) Percentage of savings off the retail price (total--up to 10 points). 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% savings off the retail price for construction activities. 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. An applicant can receive from zero to 10 points based on the following population levels and savings percentages:

(A) Communities with populations equal to or less than 1,500 according to the 2000 census:

- (i) 55% or more savings--10 [points](#)
- (ii) 50% - 54.99% savings--9 [points](#)
- (iii) 45% - 49.99% savings--7 [points](#)
- (iv) 41% - 44.99% Savings--5 [points](#)

(B) Communities with populations above 1,500 but equal to or less than 3,000 according to the 2000 census:

- (i) 55% or more savings--10 [points](#)
- (ii) 50% - 54.99% savings--8 [points](#)
- (iii) 45% - 49.99% savings--6 [points](#)
- (iv) 41% - 44.99% Savings--3 [points](#)

(C) Communities with populations above 3,000 but equal to or less than 5,000 according to the 2000 census:

- (i) 55% or more savings--10 [points](#)
- (ii) 50% - 54.99% savings--7 [points](#)
- (iii) 45% - 49.99% savings--5 [points](#)
- (iv) 41% - 44.99% Savings--2 [points](#)

(D) Communities with populations above 5,000 but less than 10,000 according to the 2000 census:

- (i) 55% or more savings--10 [points](#)
- (ii) 50% - 54.99% savings--6 [points](#)
- (iii) 45% - 49.99% savings--3 [points](#)
- (iv) 41% - 44.99% Savings--1 [point](#)

(E) Communities with populations that are 10,000 or above 10,000 according to the 2000 census:

- (i) 55% or more savings--10 [points](#)
- (ii) 50% - 54.99% savings--5 [points](#)
- (iii) 45% - 49.99% savings--2 [points](#)
- (iv) 41% - 44.99% Savings--0 [points](#)

(5) No change.

RULE §255.17 Renewable Energy Demonstration Pilot Program

(a) No change.

(b) Selection criteria. The projects will be selected on the following basis. Seventy points are available.

(1) – (5) No change.

(6) 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--50%--10 points, 25%--5 points, 10%--3 points, 5%--1 point.~~

(A) Applicant(s) population equal to or less than 2,500 according to the latest decennial Census:

(i) Match equal to or greater than 15% of grant request – 10 points

(ii) Match at least 8% but less than 15% of grant request – 5 points

(iii) Match at least 3%, but less than 8% of grant request – 3 points

(iv) Match at least 2%, but less than 3% of grant request – 1 point

(v) Match less than 2% of grant request – 0 points

(B) Applicant(s) population equal to or less than 5,000 but over 2,500 according to the latest decennial Census:

(i) Match equal to or greater than 25% of grant request – 10 points

(ii) Match at least 13% but less than 25% of grant request – 5 points

(iii) Match at least 5%, but less than 13% of grant request – 3 points

(iv) Match at least 3%, but less than 5% of grant request – 1 point

(v) Match less than 3% of grant request – 0 points

(C) Applicant(s) population equal to or less than 10,000 but over 5,000 according to the latest decennial Census:

(i) Match equal to or greater than 35% of grant request – 10 points

(ii) Match at least 18% but less than 35% of grant request – 5 points

(iii) Match at least 7%, but less than 18% of grant request – 3 points

(iv) Match at least 4%, but less than 7% of grant request – 1 point

(v) Match less than 4% of grant request – 0 points

(D) Applicant(s) population over 10,000 according to the latest decennial Census:

(i) Match equal to or greater than 50% of grant request-- 10 points

(ii) Match at least 25% but less than 50% of grant request-- 5 points

(iii) Match at least 10%, but less than 25% of grant request-- 3 points

(iv) Match at least 5%, but less than 10% of grant request-- 1 point

(v) Match less than 5% of grant request – 0 points

(E) 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.

(7) Location in Rural Areas--Projects that benefit ~~cities~~^{sites} with populations under 10,000 and/or counties under 100,000--5 points.

SUMMARY

HUD's Neighborhood Stabilization Program

Presented by Mark Wyatt*

DISCUSSION

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. 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.

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.

ORCA has worked diligently with TDHCA, TSAHC, and HUD staff to establish a methodology for this program that provides an opportunity for the non-entitlement jurisdictions (i.e., rural Texas) to apply for a portion of these NSP funds.

TDHCA submitted the attached Amendment to the 2008 Texas CDBG Action Plan covering the NSP to HUD by the deadline of December 1, 2008.

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)**

THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): State of Texas, Texas Department of Housing and Community Affairs	NSP Contact Person: Brenda Hull Address: Texas Department of Housing and Community Affairs 221 East 11 th Austin, Texas 78701
Jurisdiction Web Address: http://www.tdhca.state.tx.us	Telephone: (512) 305-9038 Fax: (512) 469-9606 Email: brenda.hull@tdhca.state.tx.us

This document is a substantial amendment to the Action Plan for FFY 2008 submitted by the State of Texas. The Action Plan is the annual update to the Consolidated Plan for FFY 2005 through 2009. This amendment outlines the expected distribution and use of \$101,996,848 through the newly-authorized Neighborhood Stabilization Program (NSP), which the U.S. Department of Housing and Urban Development (HUD) is providing to the State of Texas. The NSP funds were authorized by the Housing and Economic Recovery Act of 2008 (HERA) as an adjunct to the Community Development Block Grant (CDBG) Program.

The Texas Department of Housing and Community Affairs (TDHCA) will implement NSP funds, and will work in cooperation with the Office of Rural Community Affairs (ORCA) and Texas State Affordable Housing Corporation (TSAHC) in order to expeditiously deliver and effectively administer these funds. TDHCA will be the lead agency and manage a direct award pool for communities with the greatest need. Land bank/trust activities will be coordinated with TSAHC and communities identified in the plan as having the greatest need, and ORCA will co-administer with TDHCA a pool of funds for a second tier of greatest need communities.

A. AREAS OF GREATEST NEED

Section 2301 of the Housing and Economic Recovery Act of 2008 is the enabling legislation for the NSP and it specifies that NSP funds are to be allocated to areas of greatest need based on:

- (A) the number and percentage of home foreclosures in each State or unit of general local government;
- (B) the number and percentage of homes financed by a subprime mortgage related loan in each State or unit of general local government; and
- (C) the number and percentage of homes in default or delinquency in each State or unit of general local government.” Section 2301 (b)(3)

Texas identified two tiers of counties with need. Counties with the greatest need are identified as “Direct Allocation” counties. Remaining counties with significant need are eligible to apply for a pool of NSP funds and are referred to as “Select Pool” counties.

Texas has used HUD’s published methodology for its initial NSP allocations as a base for analysis of need within the State of Texas. However, the Texas NSP formula was developed with three deviations from HUD’s methodology:

- 1) Revised weights for the need factors – 60% for *Foreclosure*, 30% for *Subprime* loans, and 10% for *At-Risk* loans;
- 2) Grouping of loans 60 to 89 days delinquent with loans greater than 90 days delinquent into a single factor renamed *At-Risk*, and
- 3) Use of county to state comparisons due to the availability of most data at only the county level.

$$\begin{aligned}
 & \left| 60\% \right. \times \left| \frac{\text{County foreclosures}}{\text{State foreclosures}} \right. \times \left| \frac{\text{County foreclosure rate}}{\text{State foreclosure rate}} \right| + \\
 & 30\% \times \left| \frac{\text{County subprime loans}}{\text{State subprime loans}} \right. \times \left| \frac{\text{County subprime rate}}{\text{State subprime rate}} \right| + \\
 & 10\% \times \left| \frac{\text{County loans at-risk}}{\text{State loans at-risk}} \right. \times \left| \frac{\text{County at-risk rate}}{\text{State at-risk rate}} \right| \left| \right. \times \\
 & \qquad \qquad \qquad \frac{\text{County vacancy rate}}{\text{State vacancy rate}}
 \end{aligned}$$

As stated by HUD, the highest weight is placed on foreclosures based on the emphasis the statute places on targeting foreclosed homes. However, the Texas methodology places a higher weight on subprime loans than the HUD methodology because of the unique Texas experience. As noted in an article on the Dallas Federal Reserve website, “[In Texas a] major contributing factor to the increase in foreclosures has been the expansion of the originations of subprime mortgages...”¹ HUD’s original formula has been less successful in predicting the areas of greatest need in Texas than in other states. Increasing the weight given to the key catalyst for foreclosure activity provides a better indicator of greatest need for the State.² Vacancy rates as measured by 90 day vacant addresses were

¹ Dallas Federal Reserve. *Residential Foreclosures in Texas Depart from National Trend*. Online. Source: http://www.dallasfed.org/ca/epersp/2008/2_2.cfm. Accessed: November 7, 2008.

² Pearson correlation comparison of HUD’s county foreclosure forecast to Equifax 90-day mortgage delinquency sample data indicates a correlation of only 0.428 for Texas. The LISC foreclosure data show a 0.994 correlation to their delinquency figures. The RealtyTrac Real Estate Owned (REO) counts show a 0.912 correlation to their delinquency figures (the sum of Notice of Default (NOD), Lis Penden (LIS), Notice of Trustee Sale (NTS) and Notice of Foreclosure Sale (NFS)).

used to account for areas most likely to need assistance with the problems associated with abandoned homes due to foreclosure.

The raw data utilized in HUD's methodology was updated to the most current data available from a variety of sources:

Total Mortgages used to calculate rates was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while Home Mortgage Disclosure Act (HMDA) data for the period 2004 to 2007 available from the Federal Financial Institutions Examination Council (FFIEC) was used for the remaining counties.

Foreclosures data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while Real Estate Owned (REO) data for the 24 month period preceding August 2008 from RealtyTrac was used for the remaining counties.

Subprime Loans data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while the sum of all subprime loans originated prior to May 2008 from First American Loan Performance was used for the remaining counties.

At-Risk data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while the sum of Notice of Default (NOD), Lis Penden (LIS), Notice of Trustee Sale (NTS) and Notice of Foreclosure Sale (NFS) data for the 24 month period preceding August 2008 from RealtyTrac was used for the remaining counties.

Vacancy data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions and by the United States Postal Service (USPS) via HUD for the remaining counties.

In HUD's methodology, a state's foreclosures, subprime loans, or at-risk loans figure is adjusted by its foreclosure rate, subprime loans rate, or at-risk rate, respectively. In keeping with HUD's methodology, the increase or reduction to a county's share of foreclosures, subprime loans, or at-risk loans is limited to no more than 30 percent. A county's vacancy rate difference relative to the state average is limited to the county's proportional share of foreclosures, subprime loans, or at-risk loans by a difference of no more than 10 percent.

Each county received a need score calculated based on the formula described above. Those counties encompassing Jurisdictions identified on HUD's formula list, but failing to meet HUD's \$2M minimum threshold were given a priority weight in scoring. A minimum need score of 6,500 relates to eligibility to receive a direct Texas NSP allocation. Dollar amounts for the direct Texas NSP allocations were calculated using the formula described above with HUD direct allocations to CDBG Entitlement Jurisdictions (\$76M) added to the Texas State funds of \$102M for a total of \$178M. The total was then

reduced by the 10% allowed for administrative costs. The resulting allocation amount was reduced by the published HUD direct award less administrative cost. For example, the Texas formula may indicate a total HUD direct and direct Texas NSP allocation of \$10M for County X; however, County X received a HUD direct allocation of \$7M. Therefore, County X's direct Texas NSP allocation would be reduced to \$3M (\$10M minus \$7M).

In addition, priority weight was given to counties with Jurisdictions identified as CDBG Entitlement Jurisdictions. These communities currently have mechanisms in place to administer CDBG funds; therefore, the weight is added to account for capacity to quickly implement NSP projects.

All counties with a minimum need score of 100 will either be noted for direct allocations or be eligible to participate as a Select Pool county.

The result is reservations for use by eligible entities in 25 counties:

<i>County Name</i>	<i>Direct Texas NSP Allocation</i>	<i>Need Score</i>
Tarrant	\$7,320,349	13320
Dallas	4,684,332	10684
Cameron	3,465,632	9466
Bexar	3,150,408	9150
Hidalgo	3,005,258	9005
Harris	2,875,584	8876
Nueces	2,522,253	8522
Collin	2,278,454	8278
Webb	2,025,812	8026
Travis	2,017,952	8018
Montgomery	1,697,675	7698
El Paso	1,648,634	7649
Brazoria	1,586,234	7586
Potter	1,579,681	7580
Jefferson	1,498,945	7499
Denton	1,166,500	7166
Taylor	1,099,259	7099
Williamson	1,066,554	7067
Bell	1,064,488	7064
Lubbock	1,057,705	7058
Galveston	1,003,104	7003
Wichita	803,464	6803
Fort Bend	726,857	6727
Ector	699,232	6699
McLennan	647,971	6648

Based on the county need score, eligible entities within the following 76 counties may submit an application to receive allocations from the Select Pool:

<i>County Name</i>	<i>Need Score</i>
Gregg	6143
Tom Green	6055
Grayson	5809
Brazos	5761
Victoria	5741
Orange	5634
Bowie	5593
Harrison	5583
Midland	5507
Smith	5502
Comal	5498
Hays	5326
Ellis	4325
Johnson	4284
Kaufman	3964
Parker	2295
Bastrop	1898
Hood	1658
Liberty	1508
Hunt	1473
Henderson	1432
Rockwall	1266
Wise	996
Hill	766
Burnet	766
Navarro	746
Guadalupe	683
Randall	567
Angelina	495
Wood	463
Matagorda	452
Lamar	401
San Patricio	391
Atascosa	389
Milam	366
Maverick	359
Jim Wells	341
Eastland	316

<i>County Name</i>	<i>Need Score</i>
Van Zandt	300
Kleberg	296
Grimes	292
Hale	269
Palo Pinto	243
Nacogdoches	242
Hopkins	242
Kendall	234
Coryell	230
Cooke	224
Kerr	210
Medina	196
Aransas	184
Caldwell	183
Wilson	176
Gonzales	169
Waller	167
Anderson	165
Val Verde	165
Montague	165
Llano	165
Washington	159
Fannin	159
Walker	152
Upshur	152
Brown	150
Cherokee	145
Jackson	131
Austin	127
Starr	115
Wharton	114
Polk	111
Gillespie	106
Jasper	106
Leon	105
Willacy	105
Erath	103
Howard	102

B. DISTRIBUTION AND USES OF FUNDS

The NSP funding is available to entities operating in counties meeting the threshold of greatest need as defined by the State through a greatest needs score and methodology described above. In order to better address the diversity of geographies in need across Texas, the State has established a multi-level approach to the distribution of funds to communities with greatest need and a set-aside for Land Banking activities. The first level, Direct Allocation, is a reservation of a specified amount available to eligible entities in 25 counties identified as having significant need. The second level, Select Pool, is an initial allocation of \$500,000 available to entities in up to 76 additional counties with significant need. Texas will administer land bank activities in conjunction with TSAHC because of the limited legal authority for such activities at the local level in most areas of the state. The following table summarizes the initial breakdown of Texas NSP funds:

Program Distribution of Texas NSP Funds:

Direct Allocation	\$ 50,692,337
Select Pool	\$ 31,077,826
Land Banking	\$ 10,000,000
Administration (10%)	\$ 10,196,685
Total Texas NSP Allocation	\$101,966,848

Direct Allocation: The State will provide a reservation for a specified amount of direct NSP allocation for use in the top-ranked counties identified based upon the need factors. Cities, counties and non-governmental organizations with the consent of the city or county that they wish to serve are eligible to apply and are encouraged to work with other entities in their community to document the specific needs in their community.

To remain qualified for the reservation amount of a direct allocation identified in Exhibit 1, initial applications within each eligible county must be submitted within 30 days of notification on the TDHCA web site that HUD has approved this Substantial Amendment. Failure to meet this deadline will result in the reserved funds returning to the State. Requests for amounts in excess of the identified direct allocation amount for each county will be considered after the initial thirty-day deadline.

Eligible applicants within the county should coordinate to ensure that their proposals consistently address the needs in their communities and do not duplicate the needs identified for each county. Duplication of requests for a county will delay the allocation agreement for a community and could result in a reduced amount of time available for applicants to contract for specific acquisitions. If needed, the State will allocate not less than \$500,000 to multiple entities based on their proportionate need and the county’s available direct allocation amount.

In the initial application, applicants are required to identify:

- 1) The geographic neighborhoods and communities targeted for Texas NSP funds within their jurisdiction,
- 2) The Texas NSP eligible activities proposed to meet the specific needs in each area, and
- 3) The strategy for maximum revitalization and impact of funds.

The form of the information required for applications will be made available in the Texas Neighborhood Stabilization Program Guidelines to be found at www.tdhca.state.tx.us.

Select Pool: In order to better address the diversity of geographies across Texas, including those in rural areas and urban peripheries which have the greatest need, the State has established the Select Pool. The State will competitively award Texas NSP funds to eligible entities in the greatest need counties listed on Exhibit 1. The first priority for Select Pool funds will be based on the selection criteria described below for applications submitted by Select Pool Counties within 30 days of notification on the TDHCA web site that HUD has approved this Substantial Amendment. After thirty days, the State will consider applications from both Select Pool and Direct Allocation counties. If an oversubscription of requests for funds occurs, the State will form a wait list and any lower scoring or subsequently filed applications will be placed on the wait list to be allocated as funds are available.

To address HUD's concern about allocating small amounts of funds that have no meaningful impact on stabilizing of property values in an area the awards will be a minimum of \$500,000. Cities, counties and non-governmental organizations with the consent of the city or county that they wish to serve are eligible to apply. Requests for amounts in excess of \$500,000 for each county will be considered after the initial thirty-day deadline.

Eligible applicants within the county jurisdiction should coordinate to ensure that their proposals do not duplicate the needs identified for each county. Duplication of requests for a county will delay the allocation agreement for a community and could result in a reduced amount of time available for applicants to contract for specific acquisitions.

The form of the information required for applications will be made available in the Texas Neighborhood Stabilization Program Guidelines found at www.tdhca.state.tx.us after the final plan has been approved by HUD.

Selection Criteria and Priorities

The State of Texas has established the priorities and scoring described below that will be used in the application review process. While the criteria are important to demonstrate a successful proposal, the scoring structure was designed to ensure that the State complies with the HUD Notice designed to prioritize areas of greatest need, meets applicable CDBG regulations, and effectively spends the funds:

Maximum Total Score = 100 Points

- Greatest Need (50 Points)
- Neighborhood Stabilization (20 Points)

- Low-Income Households (20 Points)
- Partnerships & Coordination (10 Points)

Greatest Need (50 Points): The State will give priority to proposals that address the greatest need as represented on Exhibit 1; a higher Need Score indicates greater need. If an applicant has locally available, verifiable data that documents a greater need than established under the methodology described above, they may submit it for consideration. This may include but is not limited to U.S. Postal Service data, local financial institution data, and local government records. The State will consult with HUD to determine whether the additional data source is verifiable and acceptable by HUD standards.

Neighborhood Stabilization (20 Points): The Texas NSP requires applicants to connect their NSP-funded activities to housing foreclosure and abandonment problems caused by problematic mortgage lending activities. However, priority will be given to applications which identify specific properties for eligible activities and potential eligible buyers.

Assistance to Low-Income Households at or Below 50% AMI (20 Points): In order to emphasize affordability for households at or below 50% of the area median income (AMI), the State will give priority to proposals that will serve persons in this income category beyond the Texas NSP minimum allocation wide requirement of 35% for non-land bank activities. Proposal scores will be prorated according to the additional percentage of funds that will benefit households at or below 50% AMI.

Partnerships & Coordination (10 Points): The State will give priority to those applicants that demonstrate effective cooperation in addressing needs by providing evidence of capacity, communication and planning with other entities in the area to be served. This priority will include proposals submitted by city and county governments, nonprofits and regional efforts to efficiently manage NSP funds. The applicant must demonstrate a strong management role in the program delivery.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of “blighted structure” in context of state or local law.

The Texas NSP Program will use the definition provided by HUD’s *Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes Grantees Under the Housing and Economic Recovery Act, 2008*, published in the *Federal Register* on October 6, 2008, as follows:

“*Blighted structure.* A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.”

(2) Definition of “affordable rents.”

The Texas NSP will adopt the HOME program standards for affordable rents at 24 CFR 92.252(a), (c), (e) and (f).

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

The Texas NSP will adopt the HOME program standards for continued affordability for rental housing at 24 CFR 92.252 and homeownership at 24 CFR 92.254. The Texas NSP will follow the Single Family Mortgage limits under Section 203(b) of the National Housing Act which are allowable under HOME program standards.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Housing that is constructed or rehabilitated with NSP funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of completion. In the absence of a local code for new construction or rehabilitation, the housing must meet the most current International Building Code. In addition, all NSP funded housing must meet the Texas Minimum Construction Standards for the TDHCA HOME Program, as published in the Texas NSP Program Guidelines. NSP assisted new construction or rehabilitation will comply with HOME Program lead-based paint requirements including lead screening in housing built before 1978 in accordance with 24 CFR Part 92.355 and 24 CFR Part 35, subparts A, B, J, K, M, and R. Multifamily housing assisted with NSP funds must meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, and the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619). Finally, NSP assisted housing must meet Energy Efficiency Standards in accordance with Section 2306.187 of the Texas Government Code.

D. LOW INCOME TARGETING

Each subrecipient will be required to target as a goal at least 35% of their non-administrative allocation to benefit households with incomes less than or equal to 50% of area median income; however, the level of achievement of this goal may vary by area and activity. The estimated amount of funds that will be utilized for housing individuals and families whose incomes do not exceed 50% of area median income will be at least \$25,491,712.

E. ACQUISITIONS & RELOCATION

The Texas NSP will emphasize the acquisition and conversion of dwelling units that will ultimately be affordable to low- and moderate-income households. The Texas NSP will limit the effective acquisition cost. It is anticipated that most of the units acquired for conversion will be acquired at prices that would make them marginally affordable or affordable, but in substandard condition, to households earning less than 120% of the area median income. Currently, it is not possible to specify the number of low- and moderate-income dwelling units ($\leq 80\%$ AMI) reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.

However, it is anticipated that few if any of the single family acquisitions will involve properties that are previously restricted for occupancy to households earning less than 80% of the area median income. This is because the foreclosure rate for homes originally funded with existing State of Texas programs is much lower than the foreclosure rate of privately funded homes as a result of the State's history of more conservative lending policies. Since most properties will be vacant, but previously improved, abandoned and foreclosed, it is not anticipated that relocation will occur. However, the Texas NSP will require adherence to the guidelines set forth in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR part 24).

The following table indicates the minimum number of units reasonably expected to be served by proposed activity at each income level (Note the same unit may fall within several activities):

<i>Income Level</i>	<i>Clearance</i>	<i>Financing Mechanisms</i>	<i>Acquisition</i>	<i>Rehabilitation</i>	<i>Land Bank/Trust</i>
Under 50% AMI	-	200	75	75	100
51% to 80% AMI	-	250	75	100	125
81% to 120% AMI	-	250	75	100	75
Total	35	700	225	275	300

F. PUBLIC COMMENT

This draft Substantial Amendment was posted on the TDHCA website on November 9, 2008 for Texas Department of Housing and Community Affairs Board consideration at their November 13, 2008 meeting. Solicitation of public comment and the minimum 15-day comment period commenced at that time. The TDHCA Board took public comment on the draft plan at the board meeting. This document was revised to reflect public comment received by 5:00 PM, November 26, 2008. In addition to public comment, comment was solicited from the local HUD office and incorporated into this draft. Public comment was received at the TDHCA Board meeting as well as by mail, electronic mail and fax.

Summary of Public Comment

Direct Allocation

City of Corpus Christi

The State should consider direct allocations based on urban areas rather than solely counties. Urban areas with Participating Jurisdictions should have greater consideration based on the NSP timeline.

City of Conroe

Do not give direct allocations to the counties rather than the cities. Adding another layer to the allocation process by requiring the cities to apply to the counties for funding would go against the intent of the Council of Mayors.

City of Denton, City of Killeen

Do not emphasize collaborative efforts with the goal of one application from each county. The most efficient and effective method would be direct allocations to CDBG Entitlement Jurisdictions within each “high need” county. Entitlement Jurisdictions can make a greater impact with NSP funds by combining them with other CDBG dollars. Due to time constraints of the NSP, cities should be able to make the decision whether or not to involve nonprofits and how to set up the programs through which they should participate.

City of Lewisville

NSP funding would be best served by direct allocation to CDBG Entitlement Communities rather than allocation by county. It is not clear how, within a collaboration, jurisdictions, counties and nonprofits can determine the split of NSP funding.

City of Brownsville

Direct allocations should be made to Cities as well as Counties.

City of Irving

The City of Irving should receive a direct allocation. Dallas County has indicated they would support a direct allocation to the City of Irving.

Brazos Valley Affordable Housing Corporation

Participating Jurisdictions should be given priority weight similar to that given to CDBG Entitlement Jurisdictions.

City of Denton, City of Killeen

Provide an allocation of \$500,000 directly to cities and counties that are not receiving a direct allocation from HUD and are identified as being in a “high need” area based on TDHCA’s formula calculations.

City of Bryan

Entitlement Jurisdictions should receive priority in the select pool application process, or reduce the threshold need score for direct allocation from 6500 to 5000.

Brazos Valley Affordable Housing Corporation

The total need score (6,764) for 10 counties currently participating in the Brazos Valley/Washington County HOME Consortium exceeds the minimum threshold for a direct allocation. This issue needs to be addressed.

Application

City of Missouri City

CDBG Entitlement Communities are capable of administering the NSP without the additional roadblock of applying through the State. A direct allocation, without an application process, should be made to previous CDBG grantees.

City of Denton, City of Killeen

If applications are required, they should be limited to a brief explanation of how funding will be expended, how the potential grantee has identified eligible foreclosed properties, and how existing programs will expedite the obligation and expenditure of NSP funds.

Program Income

Brazos Valley Affordable Housing Corporation

Subgrantees should not be limited by the State with regards to NSP activities and program income.

City of Waco

The requirement to payback these funds leaves little incentive or ability for a participant to utilize these funds. There will be few recipients that want to take on any more liability with a declining HUD budget and staffing issues.

Demolition

City of McKinney

Allow clearance (demolition) of blighted structures to include unfinished new construction located in areas that do not necessarily benefit low-, moderate- and middle-income persons.

Interest Rate

Habitat for Humanity

Nonprofits should be able to apply directly for the NSP funds; but the way the State has structured it is satisfactory. Change the 1% interest rate on NSP-funded loans to 0% interest. Historically, Habitat does not charge an interest rate and, therefore, would not be able to participate in the program if a 1% interest rate is required.

Targeting ≤50% AMI

Brazos Valley Affordable Housing Corporation

Areas deemed to have the greatest need based on the State's and HUD's needs analysis are predominantly areas with the highest median income. Those areas with the highest median income should be required to produce proportionately more assistance to low income households at or below 50% of AMI in meeting the set-aside requirements. This

will help to level the disparity for households residing in lower median income areas who would otherwise qualify for assistance.

Coats/Rose

Target families with incomes at or below 50% of AMI with rental housing, not homeownership. Rental housing development should be a more prominent program activity in the Texas NSP Plan. Do not limit single and multifamily rental housing to only 15%.

Administrative Costs

City of Denton, City of Killeen

A minimum of 5% of administration should be provided to the cities and counties that develop and implement programs.

City of Lubbock

At least 5% to 6% of administrative funds should be passed to agencies implementing the NSP.

City of Waco

Subrecipients should receive administrative funds.

Location in More than One County

City of Lewisville

It is unclear how a jurisdiction located in more than one county will be treated under the application process.

Per Unit Limit

City of Lubbock

The 125% of “as-is” appraised value at acquisition limit for combined cost of acquisition, rehabilitation, reconstruction and or new construction activities will make it almost impossible to commit and expend NSP funds within the time period allowed if at all. The resulting limits may preclude properties requiring expensive mitigation such as lead based paint removal. It is recommended that the Single Family Mortgage limits under Section 203(b) along with the HUD Section 221(d)(3) limits be substituted.

Coats/Rose

Program funding per unit should not exceed \$100,000, which would generate 1,020 affordable homes rather than the State’s estimate of 540 affordable units.

100% Mortgage Financing

City of Lubbock

Households with up to 80% AMI should be eligible to obtain 100% mortgage financing from NSP funds.

Long Term Affordability

Coats/Rose

Many of the activities proposed in the Texas NSP Plan do not specify any affordability compliance term. All homeownership activities could be affordable for a 30-year term with a shared appreciation deed of trust securing the NSP loan, and all activities should require an enforceable affordability compliance period of at least 15 years. In addition, we recommend TDHCA use a “shared net proceeds” affordability enforcement mechanism as described in the HOME regulations 24 CFR 92.254. The following documents can also be required by TDHCA to maintain affordability in a shared net proceeds homeownership program: a purchase option and right of first refusal held by the NSP lender, a deed of trust, a promissory note, and a subordination agreement between the NSP lender and the first lender.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: Clearance (Removal of Blight)

(2) Activity Type: NSP Eligible Use (D) Demolish Blighted Structures

CDBG Eligible Activity: 24 CFR 570.201(d) Clearance of blighted structures only

(3) National Objective: Benefits areas with low, moderate and middle-income persons as defined in the NSP Notice ($\leq 120\%$ of area median income). (LMMA)

(4) Activity Description: This activity, when funded exclusive of other eligible activities, is anticipated to be used on a limited basis to address urbanized areas of greatest need where grantees can prove that blighted structures, as defined in this Action Plan, are affecting property values in the area. This activity will allow a grantee to remove dangerous structures that pose a threat to human health, safety, and public welfare and allow for the future private redevelopment of the property. This activity will not be utilized to target the 25% requirement for 50% AMI.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Clearance in those activities have been counted in 6 and 7 below.

(5) Location Description: Areas within the greatest need counties in Texas identified on Exhibit 1, as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 35 structures will be demolished due to blight for area-wide benefit of LMMA beneficiaries.

(7) Total Budget: NSP Funds \$1,000,000

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th St., Austin, TX, 78701, Attention Michael Gerber, Executive Director

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects

(11) Specific Activity Requirements: N/A

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: Financing Mechanisms

(2) Activity Type: NSP Eligible Use (A) Establish finance mechanisms for purchase and redevelopment of abandoned homes, foreclosed upon homes and reconstructed or redeveloped residential properties.

CDBG Eligible Activities: 24 CFR 570.206 Activity delivery costs; 24 CFR 570.201 (a) Acquisition, (b) Disposition, (i) Relocation, (n) Homeownership Assistance; 24 CFR 570.202 Rehabilitation

(3) National Objective: Benefits low, moderate and middle-income persons as defined in the NSP Notice ($\leq 120\%$ of area median income). (LMMH)

(4) Activity Description: This activity will provide affordable homeownership opportunities by providing financing mechanisms to assist homebuyers to purchase a foreclosed property at a discount and/or rehabilitate the property. Appraisals will be required for the purposes of determining the statutory purchase discount. The acquisition of foreclosed properties may be financed if the acquisition of the property is for not more than 85% of the approved appraisal fair market value of the property at the time of foreclosure. The acquisition of abandoned homes may be funded if the property has been vacant for at least 90 days and the seller has not made payment on the mortgage or taxes for at least 90 days. The subsequent acquisition or conversion of eligible rehabilitated or redeveloped property activities may also be considered a financing mechanism.

Rehabilitation, down payment and/or closing costs assistance will be provided to households earning 51% to 120% AMI for an eligible property. Households earning less than 50% AMI may obtain up to 100% mortgage financing as well as rehabilitation, down payment and/or closing costs assistance if needed to make a property affordable.

Homebuyers who qualify as 51-120% AMI will be eligible for NSP eligible rehabilitation costs, down payment assistance, reasonable closing costs, principal reductions, and gap financing needed to qualify for private mortgage financing. Assistance will be in the form of a deferred forgivable loan at 0% interest and a term based upon the amount of funds provided in accordance with the TDHCA and HUD affordability requirements. The loans are to be repaid (if any of the following occurs before the end of the term): at the time of resale of the property; refinance of the first lien; repayment of first lien or if the unit ceases to be the assisted homebuyer's principal residence. The amount of recapture will be based upon the recapture provision at 24 CFR 92.254(a)(5)(ii) as follows:

1. Recapture of the amount of the NSP investment reduced on a prorata share based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The recapture amount is subject to available shared net proceeds in the event of sale or foreclosure of the housing unit.

2. In the event of sale or foreclosure of the housing unit, if the shared net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than NSP funds) are in excess of the amount of the NSP investment that is subject to recapture, then the net proceeds may be divided proportionately between TDHCA and the homeowner as set forth in the following mathematical formulas:
- $$\frac{\text{NSP investment}}{\text{NSP investment} + \text{homeowner investment}} \times \text{net proceeds} = \text{NSP amount to be recaptured}$$
- $$\frac{\text{NSP investment}}{\text{NSP investment} + \text{homeowner investment}} \times \text{net proceeds} = \text{amount to homeowner}$$

Households earning less than 50% AMI may obtain 100% mortgage financing to purchase a foreclosed or abandoned single family house which will be the primary residence within 30 days of closing the mortgage loan. The mortgage loans will be for 30 years with a 0% interest rate and repayment obligations will begin immediately. Closing costs will be financed with the loan proceeds. Mortgage documents (Promissory Note and Deed of Trust) will be utilized to provide security for the repayment of the loan, registered against the property, with stated rights and remedies in the event of default. The Texas Neighborhood Stabilization Program Guidelines will outline mortgage underwriting criteria to determine the ability and willingness of the homebuyers to service the proposed debt as evidenced by the homebuyers' income, creditworthiness, assets, and the quality and present value of the property in relation to the loan amount requested. Again, recapture will be based on shared net proceeds as described above.

All NSP assisted homebuyers will be required to complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Financing Mechanisms in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 700 households will be assisted through the Financing Mechanisms activity as follows:

- 200 households – 50% AMI and below
- 250 households – 51-80% AMI
- 250 households – 81-120% AMI

(7) Total Budget: The Department anticipates leveraging its down payment and closing cost assistance with up to \$60,000,000 in private mortgage lending funds to assist households between 51-120% AMI. Approximately \$15,000,000 of NSP funds will be budgeted for rehabilitation, down payment, gap financing and closing cost assistance to assist 500 households between 51-120% AMI.

Approximately \$28,000,000 of NSP funds will be utilized to provide 100% mortgage financing, rehabilitation and closing cost assistance to 200 households at 50% AMI and below.

Approximately \$43,000,000 of NSP funds in total will be utilized for the Financing Mechanisms activity.

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements:

- Purchase money for foreclosed properties will reflect acquisition of the foreclosed property at a 15% discount
- 0% interest rates will be charged for up to 100% financing for 50% and below AMI
- 0% interest will be charged for homeownership assistance (rehabilitation, down payment, closing costs, gap financing)

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: Acquisition of Real Property

(2) Activity Type: NSP Eligible Use (B) Purchase and rehabilitate homes and residential properties that have been abandon or foreclosed upon, in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activities: 24 CFR 570.201(a) Acquisition, (b) Disposition

(3) National Objective: Benefit to low, moderate and middle income persons as defined in the NSP Notice ($\leq 120\%$ of area median income). (LMMH)

(4) Activity Description: To implement this activity, units of local governments and nonprofit organizations will purchase residential properties that have been abandoned or foreclosed upon. Such foreclosed properties must be purchased at a discount to ensure purchasers are paying below-market value for the property. Appraisals will be required for the purposes of determining the statutory purchase discount. Units of local governments or nonprofit organizations will be eligible to purchase abandoned or foreclosed properties to benefit households earning 120% AMI or below. Properties must be rehabilitated and made available to eligible households within 24 months of acquisition.

NSP funds will be provided to units of local governments and nonprofit organizations to purchase properties at the statutory discount. NSP funds will be required to be repaid to the Department within 24 months of acquisition unless maintained as rental property under program requirements. Assistance to rental property restricted to households earning 50% or less of AMI may have an interest rate at 0% fully amortized over 30 years. Properties being sold to households earning 50% or below AMI funds can be provided 100% mortgage financing including closing costs (see Financing Mechanisms activity) through the Department utilizing NSP funding.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Acquisition of Real Property in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 225 properties will be purchased through the Acquisition activity to benefit the following households:

- 75 households – 50% AMI and below
- 75 households – 51-80% AMI
- 75 households – 81-120% AMI

(7) Total Budget: Approximately \$24,000,000 of NSP funds will be utilized to acquire foreclosed or abandon properties.

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements:

- Foreclosed properties will be acquired at a 15% discount
- Permanent financing is available for multifamily properties targeting households at or below 50% AMI
- Tenure will principally be homeownership; however, single and multifamily rental properties are anticipated to meet the HUD requirement for 25% of NSP used to fund activities benefitting households at 50% AMI and below
- Compliance with the HOME Program property standards and affordability requirements for both rental and homeownership activities

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: Rehabilitation

(2) Activity Type: Rehabilitate property to provide housing opportunities for households earning less than 120% of Area Median Income.

NSP Eligible Use (B) Rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activities: 24 CFR 570.202 Rehabilitation, Reconstruction and New Construction

(3) National Objective: Benefit to low, moderate and middle income persons as defined in the NSP Notice (\leq 120% of area median income). (LMMH)

(4) Activity Description: This activity will rehabilitate properties to Texas Minimum Construction Standards, as defined in the Texas NSP Program Guidelines.

The purpose of the financial assistance is to provide decent, safe, and sanitary housing for low to middle income residents by the rehabilitation and/or improvement of existing structures to a condition that brings the structure into in compliance with Texas Minimum Construction Standards to ensure all repairs and improvements will contribute to the long term structurally sound housing stock in the area.

Demolition of a structure will only be allowed if the appraised value of the structure is less than 50% of the total appraised value of the property (lot and structure) which has major structural conditions that were either inadequate original construction, or has failing foundation, floor, wall, ceiling, roof, and exterior systems.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Rehabilitation in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1, as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 275 properties will be rehabilitated to benefit the following households:

- 75 households – 50% AMI and below
- 100 households – 51-80% AMI
- 100 households – 81-120% AMI

(7) Total Budget: Approximately \$11,770,163 of NSP funds will be utilized to rehabilitate properties.

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements:

- Permanent financing is available for multifamily properties targeting households at or below 50% AMI
- Tenure will principally be homeownership; however, single and multifamily rental properties are anticipated to meet the HUD requirement for 25% of NSP used to fund activities benefitting households at 50% AMI and below
- Compliance with the HOME Program property standards and affordability requirements for both rental and homeownership activities

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

- (1) Activity Name: Land Bank/Trust
- (2) Activity Type: NSP eligible uses defined under §§2302(c)(3)(B thru E)
- (3) National Objective: Benefits areas with low, moderate and middle-income persons as defined in the NSP Notice (\leq 120% of area median income). (LMMA)
- (4) Activity Description: Assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging reuse of the property.

The Texas State Affordable Housing Corporation (TSAHC) will offer partnerships to local entities with limited capacity to administer land banking activities. In addition, TSAHC may own and operate a land bank for areas of greatest need without available local partners. TSAHC will operate the land bank under its Affordable Communities of Texas (“ACT”) program, a statewide land trust that provides long-term affordability to low and moderate income households through the use of shared-equity agreements, limited-equity agreements, ground leases, and other regulatory restrictions.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and all costs and outcomes for Land Bank/Trust in those activities have been counted in 6 and 7 below.

- (5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.
- (6) Performance Measures: It is estimated that 200 properties could be acquired using NSP funds. Properties acquired will ultimately benefit the following households:
 - 100 households – 50% AMI and below (a significant portion of this may not be realized within the four year time limit.)
 - 125 households – 51-80% AMI
 - 75 households – 81-120% AMI
- (7) Total Budget: NSP funds \$10,000,000
- (8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.
- (9) Projected Start Date: March 2009
- (10) Projected End Date: Ongoing however all properties will be dispensed by March 2019

(11) Specific Activity Requirements: Pursuant to §2306.555(b) of the Texas Government Code, TSAHC, a 501(c)(3) nonprofit corporation, is authorized to operate the program and carry out activities necessary to hold real property, demolish dilapidated structures, rehabilitate structures and provide financing, grant or other methods of funding to create or preserve affordable housing.

The ACT program draws its design and policies from similar programs initiated by municipalities, states, the National Community Stabilization Trust and the U.S. Department of Housing and Urban Development's Asset Control Area program. It provides training and technical assistance to local government entities and nonprofits that seeks to create local community land trusts and land banks, and provides for partnerships between the Corporation and local entities, not authorized under state statute to land banks and land trusts.

The ACT program depends heavily on creating partnerships with local entities, including housing finance corporations, public housing agencies and nonprofit entities, in order to manage housing assets and identify qualified low-income households to purchase or lease housing assets. The program also partners with national and statewide banks, financial institutions and government entities to acquire foreclosed housing assets at significant discounts below the appraised market value. All properties acquired using NSP funds shall be purchased at or below the minimum pricing requirements noted in HERA. In utilization of NSP funds for land banking activities it is understood that other eligible activities under HERA may be encompassed.

TSAHC anticipates that at least two-thirds of all acquisitions will be held under the ACT program for a period of at least 5 years prior to resale or rental to low-income households. To ensure that the program will meet the affordability requirements of HERA, TSAHC shall place deed restrictions and/or regulatory agreements on at least 25% of properties acquired to benefit households at or below 50% of area median income. All properties acquired under the program shall meet the minimum affordability terms required under HERA. Additionally, restrictions will also require all future rehabilitation and construction meets the Texas Minimum Construction Standards, as defined in the Texas NSP Program Guidelines.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: Redevelopment

(2) Activity Type: NSP eligible use (E) Redevelop Demolished or Vacant Properties

CDBG Eligible activities: 24 CFR 570.201(a) Acquisition, (b) Disposition, (c) Public Facilities, (e) Public Services, (i) Relocation, (n) Homeownership Assistance (restricted)

(3) National Objective: Benefit to low, moderate and middle income persons as defined in the NSP Notice ($\leq 120\%$ of area median income). (LMMH)

(4) Activity Description: Redevelopment of demolished or vacant, but previously improved properties will address areas of greatest need throughout the state wherever there are large amounts of demolished or vacant, but previously improved properties that are contributing to declining land values.

This activity will be utilized to supplement the 25% requirement for 50% AMI. Redeveloped properties are anticipated to focus on redevelopment to permanent use structures for special needs populations.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Redevelopment in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: 15 properties will be redeveloped to benefit the following households:

- 15 households – 50% AMI and below

(7) Total Budget: NSP funds \$2,000,000

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements: 3-year redevelopment loans for up to 100% financing at 0% interest serving households earning 50% or below AMI

Exhibit 1. Texas Neighborhood Stabilization Program County Need Score

<i>County Name</i>	<i>Direct Texas NSP Allocation</i>	<i>Select Pool Eligible</i>	<i>Need Score</i>
Tarrant	\$7,320,349		13320
Dallas	4,684,332		10684
Cameron	3,465,632		9466
Bexar	3,150,408		9150
Hidalgo	3,005,258		9005
Harris	2,875,584		8876
Nueces	2,522,253		8522
Collin	2,278,454		8278
Webb	2,025,812		8026
Travis	2,017,952		8018
Montgomery	1,697,675		7698
El Paso	1,648,634		7649
Brazoria	1,586,234		7586
Potter	1,579,681		7580
Jefferson	1,498,945		7499
Denton	1,166,500		7166
Taylor	1,099,259		7099
Williamson	1,066,554		7067
Bell	1,064,488		7064
Lubbock	1,057,705		7058
Galveston	1,003,104		7003
Wichita	803,464		6803
Fort Bend	726,857		6727
Ector	699,232		6699
McLennan	647,971		6648
Gregg		Gregg	6143
Tom Green		Tom Green	6055
Grayson		Grayson	5809
Brazos		Brazos	5761
Victoria		Victoria	5741
Orange		Orange	5634
Bowie		Bowie	5593
Harrison		Harrison	5583
Midland		Midland	5507
Smith		Smith	5502
Comal		Comal	5498
Hays		Hays	5326
Ellis		Ellis	4325
Johnson		Johnson	4284
Kaufman		Kaufman	3964
Parker		Parker	2295
Bastrop		Bastrop	1898
Hood		Hood	1658

County Name	Direct Texas NSP Allocation	Select Pool Eligible	Need Score
Liberty		Liberty	1508
Hunt		Hunt	1473
Henderson		Henderson	1432
Rockwall		Rockwall	1266
Wise		Wise	996
Hill		Hill	766
Burnet		Burnet	766
Navarro		Navarro	746
Guadalupe		Guadalupe	683
Randall		Randall	567
Angelina		Angelina	495
Wood		Wood	463
Matagorda		Matagorda	452
Lamar		Lamar	401
San Patricio		San Patricio	391
Atascosa		Atascosa	389
Milam		Milam	366
Maverick		Maverick	359
Jim Wells		Jim Wells	341
Eastland		Eastland	316
Van Zandt		Van Zandt	300
Kleberg		Kleberg	296
Grimes		Grimes	292
Hale		Hale	269
Palo Pinto		Palo Pinto	243
Nacogdoches		Nacogdoches	242
Hopkins		Hopkins	242
Kendall		Kendall	234
Coryell		Coryell	230
Cooke		Cooke	224
Kerr		Kerr	210
Medina		Medina	196
Aransas		Aransas	184
Caldwell		Caldwell	183
Wilson		Wilson	176
Gonzales		Gonzales	169
Waller		Waller	167
Anderson		Anderson	165
Val Verde		Val Verde	165
Montague		Montague	165
Llano		Llano	165
Washington		Washington	159
Fannin		Fannin	159
Walker		Walker	152
Upshur		Upshur	152

<i>County Name</i>	<i>Direct Texas NSP Allocation</i>	<i>Select Pool Eligible</i>	<i>Need Score</i>
Brown		Brown	150
Cherokee		Cherokee	145
Jackson		Jackson	131
Austin		Austin	127
Starr		Starr	115
Wharton		Wharton	114
Polk		Polk	111
Gillespie		Gillespie	106
Jasper		Jasper	106
Leon		Leon	105
Willacy		Willacy	105
Erath		Erath	103
Howard		Howard	102

SUMMARY
**MOU with TDHCA Covering the Administration of
the Colonia Self-Help Centers and the TDHCA
Colonia Field Offices**

Presented by Mark Wyatt *

DISCUSSION

The General Appropriations Act of the 80th Legislature provides that 2.5 percent of the TxCDBG annual allocation be provided to the Texas Department of Housing and Community Affairs for the administration, operation, and program activities of the Colonia Self-Help Centers and to partially fund TDHCA's border field offices. In addition, TxCDBG administration funds are made available to TDHCA for these purposes.

The attached draft Memorandum of Understanding (MOU) between the Office of Rural Community Affairs and the Texas Department of Housing and Community Affairs would cover the use of the regular formula annual allocation of CDBG funds. It covers the respective duties and obligations of TDHCA and ORCA, reporting requirements, and other elements.

This MOU between ORCA and TDHCA covering the Colonia Self-Help Centers would cover the period from February 1, 2009 through January 31, 2011, a two-year agreement.

RECOMMENDATION

Staff recommends approval of the following motion:

“That staff be authorized to enter into a Memorandum of Understanding with the Texas Department of Housing and Community Affairs for the administration, operation, and program activities of the Colonia Self-Help Centers and to partially fund TDHCA’s border field offices.”

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 Mark Wyatt at 512-936-6725 (mwyatt@orca.state.tx.us)**

**MEMORANDUM OF UNDERSTANDING
BETWEEN
OFFICE OF RURAL COMMUNITY AFFAIRS
AND
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

SECTION I. PARTIES

This Memorandum of Understanding, hereinafter referred to as “Memorandum,” is made and entered into between the Office of Rural Community Affairs, hereinafter referred to as “OFFICE,” an agency of the State of Texas, and the Texas Department of Housing and Community Affairs, hereinafter referred to as “TDHCA,” an agency of the State of Texas.

SECTION II. PURPOSE

In accordance with a note to Section 487.351 of the Texas Government Code, the purpose of this Memorandum is to make available federal Community Development Block Grant (CDBG) funds from the OFFICE to TDHCA for the administration, operation, and program activities of the Colonia Self-Help Centers (SHC) and to partially fund TDHCA’s border field offices pursuant to the provisions of Rider 8 of TDHCA’s appropriation and the Rider 7 of the OFFICE’s appropriation for the 2008-2009 biennium under the General Appropriations Act of the 80th Legislature, Regular Session, and authorized pursuant to Subchapter Z of Chapter 2306, Texas Government Code.

SECTION III. PERIOD OF PERFORMANCE

This Memorandum shall begin on February 1, 2009 and shall terminate on January 31, 2011.

SECTION IV. TDHCA PERFORMANCE

TDHCA shall allocate the funds received under this Memorandum to each county in which a Colonia SHC, designated in accordance with Section 2306.583, Texas Government Code, is located. TDHCA shall then ensure that each county receiving funds under this MOU enters into an agreement with a nonprofit organization for the operation of the Colonia SHC within its jurisdiction consistent with program rules and regulations. TDHCA oversight of the program administration shall ensure that all activities are carried out in accordance with the federal law and regulations at 42 USC Sec. 5301 et seq. and 24 CFR Part 570, Subpart I and the state law and rules at Chapter 2306, Subpart Z of the Texas Government Code and 10 T.A.C. Chapters 255 and 3. In addition, TDHCA shall:

- A. Approve all awards, amendments and modifications related to the funding of the Colonia SHCs in accordance with the Texas Community Development Block Grant (TxCDBG) Program and Colonia SHC Program Rules.
- B. Participate in public hearings to solicit comments regarding the funds provided under this contract and provide input as necessary.
- C. Adhere to the certifications the OFFICE makes to the U.S. Department of Housing and Urban Development (HUD) in order to receive CDBG funding.
- D. Ensure that each activity included in a Colonia SHC contract meets a national objective, and qualifies as an eligible activity as identified under the state CDBG regulations. Compliance with this requirement shall be clearly reflected in the Performance Statements and Budgets of all Colonia SHC contracts.
- E. Ensure that each activity in the contract's Performance Statement has a corresponding budget line item in the budget.
- F. Work in coordination with the OFFICE staff to determine a reasonable amount of administrative costs that can be charged by each county for general and program administrative costs, and Colonia SHC operational costs.
- G. Ensure that direct delivery costs, associated with the delivery of housing assistance including the preparation of work write-ups and required architectural or professional services that are directly attributable to a particular housing unit, be charged to the housing related construction budget line item under each Colonia SHC contract.
- H. TDHCA shall provide oversight and monitoring of the activities of Colonia SHC subrecipients, units of local government and the respective Colonia SHC nonprofit service providers, to ensure that CDBG activities are completed, performance goals are met and funds expended in accordance with the Colonia SHC Program Rules, contract provisions, applicable state and federal rules, regulations, policies, including OMB Circulars A-87 and A-122 as applicable, and related statutes. Monitoring reviews may take place at any time or at the request of the unit of local government or TDHCA. A final monitoring review must take place within 120 days of the contract termination
- I. TDHCA shall conduct the final monitoring review of contract close-out documents and an on-site review of subrecipient records to achieve the following monitoring objectives: ensure that activities have been completed and beneficiaries served in accordance with the contract's Performance Statement and Budget; ensure that subrecipient systems, policies and procedures used to administer CDBG funds contain sufficient controls against fraud and misuse and that they are in place and operating efficiently; identify areas of specific need for additional technical assistance.
- J. TDHCA shall provide the OFFICE a copy of any findings and associated necessary corrective actions to be carried out by the Colonia SHC and non-profit providers as well as concerns and recommendations that do not require corrective action

SECTION V. OFFICE FUNDING AND PERFORMANCE OBLIGATIONS

- A. Colonia SHC funding. Notwithstanding any other provision of this Memorandum, the total obligations incurred by the OFFICE shall not exceed 2.5% of the annual formula allocation of regular CDBG funds received by the State of Texas from HUD for Program Years 2009 and 2010. The OFFICE shall transfer funds provided under this section to the appropriate local government upon receipt of requests for payment from TDHCA and

receipt of funds from HUD. The OFFICE shall simultaneously notify TDHCA of the transfer to the local government. TDHCA shall obligate the funds provided under this Memorandum within fourteen months after the date the funds were provided to the OFFICE from HUD.

- B. The OFFICE shall transfer to TDHCA a total of \$82,755 for the period February 1, 2009 until January 31, 2010 and a total of \$82,755 for the period of February 1, 2010 until January 31, 2011, assuming the OFFICE receives from HUD a state CDBG allocation for Program Years 2009 and 2010 in at least the same dollar amount as Program Year 2008, for costs incurred for TDHCA's border field offices and Office of Colonia Initiatives staff and planning activities. The amount of this reimbursement will be adjusted for Program Year 2009 and Program Year 2010 on a percentage basis based upon the actual U.S. Department of Housing and Urban Development CDBG Program Year regular annual allocation to the OFFICE for these Program Years. TDHCA shall submit a budget that defines the use of CDBG funds for this purpose. Funds deobligated and any program income recovered from the funds provided through the Colonia SHC Program shall be used by TDHCA for the Colonia SHCs in accordance with the Consolidated Plan.
- C. If determined necessary, the OFFICE shall be responsible for initiating the reimbursement adjustment for Program Years 2009 and 2010 as an amendment according to the procedure described in Section VIII of this MOU. The OFFICE shall submit an amended MOU, signed by the Executive Director of the OFFICE, for this purpose with back-up documentation sufficient to detail the adjustments to the transfer of funds to TDHCA respective to the changes in the annual allocation from HUD to the State of Texas. The amendment will become fully executed upon signature by the Executive Director of TDHCA.
- D. The OFFICE shall be responsible for fulfilling the federal match requirement for the award of CDBG funds to the OFFICE.
- E. All increases and reductions in the contract amount for the administration of the Colonia SHC Program should be in proportion to the amount of the grant award from HUD.
- F. The OFFICE shall monitor TDHCA's oversight and monitoring of the activities of Colonia SHC subrecipients, units of local government and the respective Colonia SHC nonprofit service providers, to ensure that CDBG activities are completed, performance goals are met and funds expended in accordance with the Colonia SHC Program Rules, contract provisions, applicable state and federal rules, regulations, policies, including OMB Circulars A-87 and A-122 as applicable, and related statutes.
- G. The OFFICE shall monitor TDHCA's monitoring activities to achieve the following monitoring objectives: ensure that activities have been completed and beneficiaries served in accordance with the contract's Performance Statement and Budget; ensure that subrecipient systems, policies and procedures used to administer CDBG funds contain sufficient controls against fraud and misuse and that they are in place and operating efficiently; identify areas of specific need for additional technical assistance.
- H. The OFFICE shall identify in writing, through a monitoring report, any findings and recommended associated corrective actions that may be carried out by TDHCA or the subrecipient of Colonia SHC funding as well as concerns and recommendations that do not require corrective action.

SECTION VI. MEASURE OF LIABILITY

- A. TDHCA continues to assume responsibility and liability for outstanding issues relating to the funding and operation of the Colonia SHCs prior to the execution of this Memorandum.
- B. TDHCA shall provide oversight of activities on a regular basis according to Colonia SHC Standard Operating Procedures that is separate from the monitoring responsibilities of the OFFICE to ensure compliance with Colonia SHC Program Rules and federal and state regulations. The OFFICE shall monitor the activities funded under this Memorandum as described in the previous section. Costs that are found to be disallowed, if any, by TDHCA, the OFFICE or HUD may be deducted from existing and future allocations of CDBG funds to TDHCA in an amount agreed upon by the parties to this Memorandum, to the extent allowed by law.

SECTION VII. REPORTING REQUIREMENTS AND RETENTION OF AND ACCESS TO RECORDS

- A. TDHCA shall furnish to the OFFICE, and the OFFICE shall furnish to TDHCA, such reports on the operation and performance of work under this Memorandum as may be required by the OFFICE or TDHCA in order to respond to requests for information.
- B. TDHCA shall retain all records relating to its responsibilities described by this Memorandum until its duties are completed and monitored by HUD or until the applicable retention period has expired, whichever is longer.
- C. TDHCA shall give the OFFICE, HUD, the Auditor of the State of Texas, and any of their duly authorized representatives access to, and the right to examine, all records relating to this Memorandum for as long as such records are retained by TDHCA as specified in Subsection B of this section. TDHCA shall also provide the OFFICE a copy of any audits conducted on the programs and services covered by this agreement.
- D. TDHCA shall maintain and submit to the OFFICE up-to-date accomplishments in quarterly reports on a timely basis in an agreed upon format sufficient for the OFFICE to complete the CDBG Annual Performance Evaluation Report (PER) and for the purposes of drawing funds under the IDIS system.
- E. TDHCA shall maintain and submit to the OFFICE up-to-date accomplishments in quarterly reports identifying cumulative data necessary for the HUD IDIS Performance Measures, including the colonias served, activities performed and total number of beneficiaries and shall enter up-to-date accomplishments in the OFFICE's CDBG contract management system. Each contractor shall maintain data regarding all activities completed under the Colonia SHC contract.
- F. TDHCA shall submit Personnel Cost Calculation forms and timesheets to the OFFICE for the reimbursement of administrative expenses.
- G. TDHCA shall respond to the OFFICE in a timely manner regarding any HUD or other correspondence related to the Colonia SHC fund, including any monitoring or audit reports.
- H. TDCHA shall submit copies of Colonia SHC contracts and amendments necessary to keep the OFFICE tracking systems updated and for the payment of draws.

SECTION VIII. AMENDMENTS AND CHANGES

Any alteration, addition or deletion to the terms of this Memorandum shall be by amendment hereto in writing and executed by both parties hereto except as may be expressly provided for in some other manner by the terms of this Memorandum.

SECTION IX. POLITICAL ACTIVITY

None of the activities or performances rendered hereunder by TDHCA shall involve and no portion of the funds received by TDHCA hereunder shall be used for any political activity, including but not limited to any activity to further the election or defeat of any candidate for public office, or any activity undertaken to influence the passage, defeat, or final contents of legislation.

SECTION X. SECTARIAN ACTIVITY

None of the activities or performances rendered hereunder by TDHCA shall involve and no portion of the funds received by TDHCA hereunder shall be used in support of any sectarian or religious activity.

SECTION XI. ORAL AND WRITTEN AGREEMENTS

All oral or written agreements between the parties hereto relating to the subject matter of this agreement that were made prior to the execution of this contract have been reduced to writing and are contained herein.

APPROVED AND ACCEPTED ON BEHALF OF THE TDHCA AND THE OFFICE EFFECTIVE THE 1ST DAY OF FEBRUARY 2009.

AGREED AND EXECUTED BY:

Charles S. (Charlie) Stone
Executive Director
Office of Rural Community Affairs

Michael Gerber
Executive Director
Texas Department of Housing and Community Affairs

SUMMARY

Report on the Activities of the Newly Created Division

Presented by Oralia Cardenas

DISCUSSION

ORCA established the Disaster Recovery Division on October 1, 2008 to continue to manage Hurricane Rita/Katrina disaster recovery funding, anticipated funding for Hurricanes and Dolly and any future disaster related funding.

Update

- Governor Rick Perry has designated the Office of Rural Community Affairs (ORCA) as the lead agency for administration of the CDBG disaster recovery supplemental funding for Hurricanes Ike and Dolly. TDHCA will be joining ORCA in developing the Action Plan and managing housing activities. The Governor's letter is attached.
- Of the \$6.5 billion in disaster recovery funding that was approved in H.R.2638 Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009, HUD has announced that Texas will receive \$1.3 billion to address "necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing and economic revitalization in areas affected by hurricanes, floods, and other natural disasters occurring during 2008". This includes Hurricanes Ike and Dolly. The split between housing and non-housing funding has not been determined and is planned to be determined based upon input from the Governor's Office, impacted regions, advisory groups, and the public. A preliminary Proposed Action Plan has been developed and will be discussed further under Agenda Item, I. 2. The list of public hearings to begin discussions regarding the Proposed Action Plan is attached.
- We are now in the process of posting positions and hiring staff for the new division. The division expects to staff up to approximately 41 FTEs during the next few months, based on current funding estimates.
- ORCA is participating in the Governor's Commission for Disaster Recovery and Renewal headed by former Harris County Judge Robert Eckels and Brian Newby. The Governor's Office has stressed the need for coordination with the new commission, House Select Committee for Hurricane Ike and other state and federal agencies to address recovery in a comprehensive manner.
- ORCA is pleased to report that Steve Swango, Disaster Recovery Resolution Officer, has been selected as the State Group Lead for the FEMA Transportation and Infrastructure Focus Group, which is composed of various federal, state and other agency representatives.

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 Oralia Cardenas, Disaster Recovery Director, at 512/936-7890, ocardenas@orca.state.tx.us**



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

November 21, 2008

The Honorable Steve Preston
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Washington, D.C. 20410-7000

Dear Secretary Preston:

The State of Texas is preparing to receive funding allocated under the Consolidated Security, Disaster Assistance and Continuing Appropriations Act, Public Law 110-329 (September 30, 2008), to alleviate the devastation caused by Hurricane Ike and other 2008 storms. In preparation for the receipt of such funding and to expedite funding to communities that are in dire need, I am designating the Office of Rural Community Affairs (ORCA) as the lead agency responsible for administration of the Community Development Block Grant (CDBG) disaster recovery supplemental funding for Texas.

In this capacity, ORCA is responsible for executing the CDBG grant award, associated letter of credit, reporting, overall program oversight and administration of non-housing activities. While ORCA will be responsible for administrative activities associated with the disaster recovery supplemental funding and non-housing activities, ORCA will be working in cooperation with the Texas Department of Housing and Community Affairs (TDHCA). TDHCA will be responsible for administration of all CDBG disaster recovery supplemental funding associated with housing activities. I ask that you and your staff work fully with both ORCA and TDHCA on all issues of program development and management.

In this respect, the contacts for Texas are as follows:

Charles S. (Charlie) Stone
ORCA Executive Director
(512) 936-6704

Michael G. Gerber
TDHCA Executive Director
(512) 475-3930

To support our continued efforts to deliver funding in an expeditious manner, Texas is requesting that the provisions of 24 CFR Sec. 570.489(b) be applicable to the disaster recovery

The Honorable Steve Preston

November 21, 2008

Page 2

supplemental funding to be received under Public Law 110-329. The provisions of 24 CFR Sec. 570.489(b) will permit the State of Texas to reimburse itself for otherwise allowable costs incurred on or after the incident date of the covered disaster. The State of Texas requests that such pre-agreement provisions be applicable back to September 13, 2008.

We are committed to serving our citizens and look forward to our continued relationship in administration of the anticipated disaster recovery supplemental funding.

Sincerely,

A handwritten signature in black ink that reads "Rick Perry". The signature is written in a cursive, slightly slanted style. The first letter "R" is large and loops around the "i" and "c". The "Perry" part is also cursive, with a long horizontal stroke at the end.

Rick Perry
Governor

RP:bnp



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

ORCA GOVERNING BOARD
 Agriculture Commissioner Todd Staples
 Woody Anderson
 Charles N. Butts
 Remelle Farrar
 Dr. Charles Graham
 Joaquin L. Rodriguez
 Lydia Rangel Saenz
 Patrick Wallace

MEMORANDUM

TO: All Interested Parties
FROM: Charles S. (Charlie) Stone, Executive Director, Office of Rural Community Affairs
SUBJECT: Public Hearings Regarding Supplemental Disaster Recovery Funds for Hurricane Ike and Dolly Impacted Areas
DATE: December 5, 2008

The Office of Rural Community Affairs (ORCA), in cooperation with the Texas Department of Housing and Community Affairs (TDHCA), is holding five (5) public hearings to obtain comments on the administration of \$1.3 billion in Community Development Block Grant Program Disaster Recovery supplemental funds, which come to Texas from the US Department of Housing and Urban Development (HUD). Comments on the distribution of funding for “necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing and economic revitalization in areas affected by hurricanes, floods, and other natural disasters occurring during 2008” are requested at this time. This includes communities impacted by Hurricanes Dolly and Ike.

In addition, the public hearings will provide an opportunity to obtain local input regarding the overall revitalization needs of impacted areas from a broad perspective, including needs such as public facilities and infrastructure, housing, and economic development. To help establish a priority framework from a regional and state perspective, we are seeking your comments regarding the highest top priorities of critical importance to the revitalization efforts of your community. ORCA encourages your comments and participation either through attendance at one of the public hearings or in writing.

Written comments should be submitted by mail, e-mail or fax by **January 5, 2009** to: Attention: Oralia Cardenas, Director Disaster Recovery Division, P.O. Box 12877, Austin, TX 78711, Fax: 512-936-6776, E-mail: ocardenas@orca.state.tx.us

Location:	Livingston	Galveston	Houston	Harlingen	Beaumont
Address:	Alabama-Coushatta Indian Reservation Special Events Center U.S. Hwy 190E Livingston, TX 77351 (between Woodville & Livingston)	Jury Assembly Room Galveston County Justice Center - Administration Building 600 59 th Street Galveston, TX 77551	City Hall Annex Public Level Chamber 900 Bagby Houston, TX 77002	Harlingen Cultural Arts Center 576 “76” Drive Harlingen, TX 78551	Southeast Texas RPC 2210 Eastex Freeway Beaumont, TX 77703
Date & Time:	December 5, 2008 10:00-12:00 am	December 8, 2008 2:00 – 4:00 pm	December 9, 2008 3:00-5:00 pm	December 15, 2008 9:00 – 11:00 am	December 16, 2008 5:30 – 7:30 pm

Additional information regarding ORCA and a copy of the proposed Action Plan can be found on the web by visiting ORCA’s web page: www.orca.state.tx.us. For more information, please call Oralia Cardenas at 512-936-7890 or Heather Lagrone at 512-936-6727 or Toll Free at 800-544-2042.

www.orca.state.tx.us

MAIN OFFICE
 1700 N. Congress Avenue, Suite 220
 Austin, Texas 78701
 P.O. Box 12877
 Austin, Texas 78711
 Agency: 512-936-6701
 Toll Free: 800-544-2042
 Fax: 512-936-6776
 Email: orca@orca.state.tx.us

Charles S. (Charlie) Stone
 ORCA Executive Director

FIELD OFFICES

Bedias	936-395-2456	Levelland	806-897-1113
Bishop	361-584-8928	Nacogdoches	936-560-4188
Kountze	409-246-8547	Sweetwater	325-236-9672
La Grange	979-968-6764	Vernon	940-553-3556

SUMMARY

Proposed Action Plan for Supplemental Disaster Appropriation

Presented by Heather Lagrone*

DISCUSSION

A draft of the Proposed Action Plan for Supplemental Disaster Recovery related to disasters with federally declared designation in 2008 is attached. At the Executive Board Meeting discussions related to public comment received to date will be provided. The Proposed Action Plan will be presented to the public for comment as part of the public hearing process and will be submitted to HUD for approval as soon as possible.

Highlights

- The State of Texas has received an initial allocation of **\$1,314,990,193** for “necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing and economic revitalization in areas affected by hurricanes, floods, and other natural disasters occurring during 2008”.
- The Governor has designated ORCA as the lead agency responsible for this funding.
- TDHCA will manage any housing activities and ORCA will manage any non-housing activities including restoration and repair to critical infrastructure and economic development.
- Impacted regions will receive an allocation based on FEMA damage assessments for public assistance and individual assistance as of December 1, 2008.
- Allocated amounts will then be prioritized at the regional level for housing and non-housing activities, thus providing for local prioritization of the available funds.
- The appropriation mandates that \$139,595,563 of the allocation be awarded to support affordable rental housing. This portion will be managed by TDHCA.
- ORCA scheduled public hearings to receive public comment 12/5, 12/8, 12/9, 12/15, and 12/16 in Livingston, Galveston, Houston, Harlingen, and Beaumont respectively.

RECOMMENDATION

Provided for discussion purposes. Staff recommends authorizing Charlie Stone to approve Action Plan in final format for submission to HUD for approval.

RURAL DEFINITION

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

***Should an Executive Committee member have questions concerning this agenda item, please contact Ms. Lagrone at 512-936-6727 (hlagrone@orca.state.tx.us).**

SUMMARY

Report on Contracted Services with HNTB

Presented by Oralia Cardenas

DISCUSSION

ORCA has hired the engineering firm, HNTB, to provide technical assistance and assist communities in prioritizing 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 is between now and March 31, 2009.

The contract was awarded for \$8,604,000. A request has been made to the Governor's Office for a temporary transfer of \$6 million to fund the contract initially, which will then be reimbursed upon receipt of the Hurricane Ike funding. When the Hurricane Ike disaster grant funds are received, the remaining \$2,604,004 will be made available for services authorized in the HNTB contract. The engineering services provided under the contract are eligible CDBG planning activities.

HNTB has the resources and staff with extensive knowledge that are necessary to assist ORCA in identifying gaps in funding 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.

Estimated Results:

- 10% above FEMA original damage estimates
- 160 nonentitlement cities/counties at least one visit
- 349 meetings
- 960 project site visits
- 1,280 FEMA damage assessments reviewed

HNTB began site visits on December 1, 2008, with the first site visit conducted in Anahuac. Reports from HNTB staff indicate that the project is being well received based on contacts so far. The first weekly report as of November 28, 2008 from HNTB is attached.

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 Oralia Cardenas, Disaster Recovery Director, at 512/936-7890, ocardenas@orca.state.tx.us**



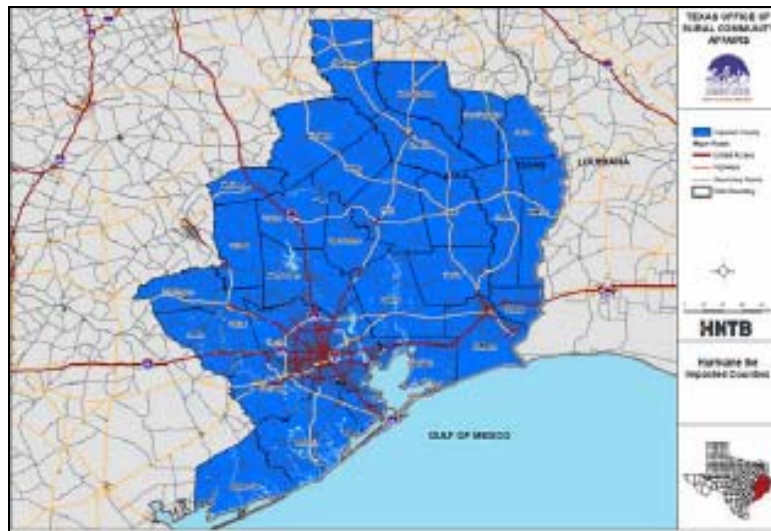
Where rural Texas comes first.

Hurricane Ike Disaster Recovery Program Weekly Activities Report

November 28, 2008

General

The HNTB team rolled out our “early start” program beginning on November 12, 2008 by conducting a series of meetings with ORCA staff to identify program goals, schedule, and start up tasks. HNTB has begun developing the framework of the scoping and estimating process including document development, project controls framework, and logistics/planning. We have also developed a series of base maps that identify the program limits, priority areas based on damage (wind speed and storm surge), and show county geography for community meetings and site assessment logistics. Further activities focused on developing materials and scheduling meetings with community leaders.



Hurricane Ike Impacted Counties

Meetings

Meetings with ORCA

Workshops to discuss program goals and scope

Date: November 12-14, 2008

Where: ORCA offices

Discussed Program goals, schedule, initial tasks

Technology Workshop/Presentation

Date: Wednesday, November 19, 2008

Where: HNTB Austin office

Discussed technology options for website, dashboard, GIS (short term and long term)

Infrastructure Focus Group

Date: Thursday, November 20, 2008

Time: 2:30 – 4:00 pm

Where: JFO

Discussed HNTB's role in the program, program goals, and cooperation needs from agencies

Meeting with ORCA and COG's

Date: Friday, November 21, 2008

Time: 11:00 – 11:30 am

Where: Austin, Rm. 360

Briefed COG's on HNTB's role, approach, and schedule

FEMA Pilot Program Meeting

Date: Thursday, November 25, 2008

Time: 2:30 – 4:00 pm

Where: JFO

Determined that Pilot Programs is not an option for the ORCA recovery program

HNTB Texas ORCA Community Meeting Coordination

Date: Monday, November 24, 2008

Time: 3:30 PM – 4:30 PM

Where: Teleconference

Discussed roles in Texas ORCA regarding community meetings, standardization, roles, etc.

Texas ORCA Sub-Consultant Kickoff Meeting

Date: Tuesday, November 25, 2008

Time: 9:00 AM-12:00 PM

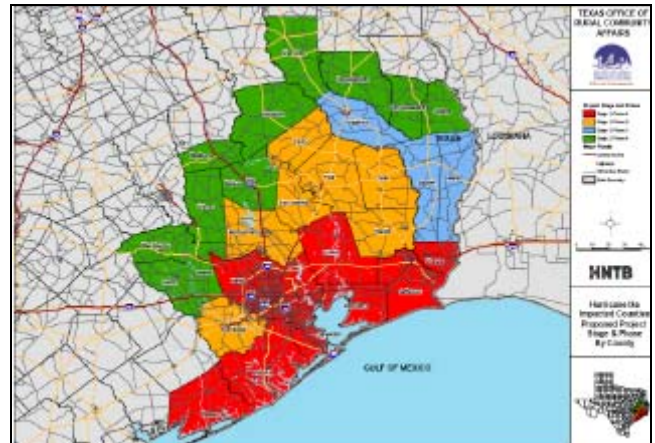
Where: HNTB Offices - Video Conference

This meeting was simultaneously in the Austin, Houston, and San Antonio HNTB Offices via video conference.

HNTB - San Antonio
Dodge Conference Room
85 N.E. Loop 410, Suite 304
San Antonio, Texas 78216
Ph: (210) 349-2277

HNTB - Austin
4x4 Conference Room
301 Congress Ave., Suite 600
Austin, TX 78701
Ph: (512) 447-5590

HNTB - Houston
Texas Star Conference Room
2950 North Loop West, Ste. 900
Houston, TX 77092
Ph: (713) 354-1500



Hurricane Ike Impacted Counties Stage & Phase

Task Status

- Developed website – initial splash page complete on November 26, 2008
- Began development of Project Controls
- Began development of Dashboard framework
- Conducted Technology workshop with ORCA
- Began development of scoping documents
- Began development of cost estimate data
- Began development of Pilot Program for field reconnaissance
- Drafted notification letter for Communities sent by ORCA
- Began contacting community leaders for meetings beginning on December 1, 2008
- Began development of project work plan and schedule
- Began development of materials for distribution to communities and COG's

SUMMARY
Status Report
Supplemental CDBG Disaster Recovery Funds for
Round 1 & Round 2 –Non-Housing &
Infrastructure Funds
Presented by Heather Lagrone*

DISCUSSION

Overview:

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	

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

94 total contracts to communities (excludes COG contracts)

Amount Awarded: \$30,294,362

Amount Expended: \$25,487,866

Percentage Expended* 84.17%

*expended amount includes funds spent and draws pending in office

Hurricane Rita Funds – Round 2

8 total contracts to communities

Amount Awarded: \$42,000,000

Amount Expended: \$ 6,180,355

Percentage Expended* 14.72%

*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 provided 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 an Executive Committee member have questions concerning this agenda item, please contact Ms. Lagrone at 512-936-6727 (hlagrone@orca.state.tx.us).**

SUMMARY

Performance Measures

Presented by Jerry Walker*

DISCUSSION

This information is to give the Board an overview of the activities performed by each division and how the agency is doing relative to meeting its performance measures. This report is cumulative for the 1st through the 4th quarter of FY 2008, which ended on August 31, 2008 and therefore, reflects the agencies actual experience for the fiscal year.

For each measure that is not within 5% of the target amount for the year through the fourth quarter of this fiscal year, a brief explanation of the variance is included in the gray area directly below the measure. A measure that is within 5% of the target amount is indicated by an (*).

For this report, the actual performance for most measures should be 100% of the annual target amount. As indicated in the discussions under each measure, the variables affecting the actual results for the fiscal year are in many cases outside of the control of our agency. For the 19 measures that are listed in the report, 15 exceeded target amounts, 2 were less than target amounts, and 2 were within 5% of the target amounts.

RECOMMENDATION

For informational purposes only.

RURAL DEFINITION

N/A for this agenda item.

***Should an ORCA Governing Board member have questions concerning this agenda item, please contact Jerry Walker at 512-936-6711, or jwalker@orca.state.tx.us.**

ORCA Performance Measures Summary for FY 2007 and 1st through 4th Quarters of FY 2008 Page 1 of 2

Measure No.	Performance Measure Description	Type	Program	Report Period	FY 2007 Target	FY 2007 Actual Through 8/31/2007	FY 2007 Actual As % of Target	FY 2008 Target	FY 2008 Actual Through 8/31/08	*
LBB Key Measures										
1.1.1.OP.1	Number New Community and Economic Development Contracts Awarded	Output	CDBG	Quarterly	325	298	92%	325	356	
The agency exceeded the target of new contracts awarded by using de-obligated funds and program income. These recaptured funds were used to supplement Disaster Relief, STEP, CD, CDS, Micro Enterprise, Renewable Energy fund categories.										
1.1.1.OP.2	Number of Projected Beneficiaries from New Contracts Awarded	Output	CDBG	Quarterly	385,000	898,581	233%	483,000	2,726,893	
Variance is dependant on the type of community development projects funded. Disaster Relief awards tend to have a much higher percentage of the population benefiting from the contracts awarded because a citywide or countywide benefit. There were 83 Disaster contracts (DR and DRS) awarded for the year.										
1.1.1 OC	Percentage of the Small Communities' Population Benefiting from Projects	Outcome	CDBG	Annually	36%	50.73%	141%	36%	39.61%	
Variance is dependant on the type of community development projects funded. Disaster Relief awards tend to have a much higher percentage of the population benefiting from the contracts awarded because a citywide benefit. A high number of DR contracts were awarded this year.										
1.1.1.OP.5	Number of Programmatic (CD) Monitoring Visits Conducted	Output	Compliance	Quarterly	300	307	102%	300	289	*
Actual results are within 5% of target.										
2.1.1.OP.2	Number of Primary Care Practitioners Recruited/Retained in Rural Areas	Output	RH	Quarterly	72	39	54%	42	50	
ORCA actively provides incentive opportunities for healthcare professionals interested in practicing in rural Texas. The results of placement and retention of primary care practitioners were higher than expected fiscal year. The level of response from primary care practitioners to incentives varies between fiscal years.										
2.2.1.OP.1	Number of Low Interest Loans and Grants Awarded (RH Capital Improvement)	Output	RH	Quarterly	39	51	131%	36	41	
More interest was earned than expected on the investment, allowing more grants to be made.										
2.1.1 OC	Ratio of Rural County Population to Primary Care Practitioners	Outcome	RH	Annually	1,407	1,291	92%	1,410	1,288	
The ratio of population to primary care practitioner includes primary care physicians, physician assistants and nurse practitioners. The use of mid-levels in rural communities is having a substantial positive effect. Other factors, such as the rural health clinic designation and the related CMS bonus payments may have future negative impacts on this outcome measure.										
LBB Non-Key Measures										
1.1.1.EF.1	Average Agency Administrative Cost Per (CDBG) Contract Administered	Efficiency	CDBG	Annually	\$11,019	\$3,525	32%	\$4,500	\$3,536	
Variance is dependent on the number of open contracts. By utilizing de-obligated funds and program income, more awards were made thus increasing the number of open contracts.										
1.1.1.OP.3	Number of Jobs Created/Retained through Contracts Awarded Annually (TDA)	Output	CDBG	Annually	1,470	641	44%	981	409	
Awards to Main Street or Downtown Revitalization do not create and/or retain jobs. Also, over the last 5 years TDA has emphasized making more awards to small rural communities has resulted in a lower number because small businesses create/retain fewer jobs. Additionally, the 15% reduction in overall CDBG/TCF funding during the last few years has contributed significantly to the decrease in proposed jobs created.										
1.1.1.OP.4	# of Projected Beneficiaries from Self-Help Center Contracts Funded (TDHCA)	Output	CDBG	Annually	9,000	31,976	355%	4,700	3,573	
The self-help center awards are alternated between seven counties each year. Some of the counties' colonias serve a high number of beneficiaries and others serve lower number of beneficiaries and the result is dependent on which counties gets funded that year.										
1.1.1.OC.2	% Requested Project Funds Awarded to Projects Using Annual HUD Allocation	Outcome	CDBG	Annually	N/A	N/A	N/A	28%	30.32%	
Variance is due to fund categories in which all the applicants were funded, Disaster Relief, CEDAP, Self-Help Centers & Micro-Enterprise.										
1.1.1.OP.6	Number of (CD) Single Audit Reviews Conducted Annually	Output	Compliance	Annually	50	171	342%	150	182	
The number of Single Audit reviews performed is based on the number of Single Audits received, which is based on the number of our grantees who expend more than \$500,000/year in total Federal funds. Calculated using ORCA grants; since the expenditure amount is based on total Federal funds, more of our communities are receiving grants from other federal agencies in addition to HUD Tx/CDBG, causing Single Audit submissions to be higher than expected.										
2.1.1.EF.1	Average Cost Per Primary Care Practitioner Recruited/Retained in Rural Areas	Efficiency	RH	Annually	\$15,105	\$9,121	60%	\$32,850	\$19,933	
The average cost of placements is based on historical grants awarded for each person placed. Since the placements have been made through programs with a lower award per grantee, the average is lower for the fiscal year. Although this amount included primary care placement from the ORS program, which increased the average, the overall amount per placement was lower than expected.										

ORCA Performance Measures Summary for FY 2007 and 1st through 4th Quarters of FY 2008 Page 2 of 2

Measure No.	Performance Measure Description	Type	Program	Report Period	FY 2007 Target	Actual Through 8/31/2007	Actual As % of Target	FY 2008 Target	Actual Through 8/31/08	*	
LBB Non-Key Measures											
2.1.1.EF.2	Average Cost per Non-Primary Healthcare Professional Recruited/Retained	Efficiency	RH	Annually	\$45,316	\$6,912	15%	\$24,600	\$ 9,624		
The average cost of placements is based on historical grants awarded for each person placed. Since the placements have been made through programs with a lower award per grantee, the average is lower for the fiscal year.											
3.1.1.OP.1	Number Individuals Who Received Forgiveness Loans, Grants, and Scholarships	Output	RH	Annually	40	46	115%	55	88		
Due to the number of RCHIP grants awarded, this goal has been exceeded for the year. We had anticipated fewer applications than we received.											
2.1.1.OP.3	Number Non-Primary Health Professionals Recruited/Retained in Rural Areas	Output	RH	Annually	24	51	213%	24	44		
The RCHIP program, which is the primary driver for this measure, has shifted in the last two years to more of a loan repayment function than a stipend function. Since a placement can be counted when a loan is made, because the service obligation has already been fulfilled, there is a more immediate impact on this measure than there has been in the past. If the trend continues this way ORCA should consider increasing the target for this measure.											
2.2.1.EF.1	Average Cost Per Low Interest Loan/Grant Awarded (RH Capital Improvement)	Efficiency	RH	Annually	\$50,570	47,220	93%	\$46,750	\$41,880		
More payments were made for Capital Improvement loans than expected. This made the average payment per grant lower for the fiscal year than anticipated.											
2.3.1.OP.1	Number of Hospitals (Newly) Designated as Critical Access Hospitals	Explanatory	RH	Annually	74	74	100%	0	2		
Two hospitals successfully gained the designation of CAH. It was not anticipated that there would be further activity in this program after 12/31/2005.											
2.3.1 OC	Percent of Projected Small Rural Hospitals That Actually Obtain CAH Status	Outcome	RH	Annually	63%	63%	100%	63%	65%	*	
Actual results are within 5% of target.											
NOTES:											
* =	These Measures are within 5% of the target amount for the year through the quarter in this report.										
	Output and Outcome Measures should meet or exceed the target amounts. Efficiency Measures should meet or be less than their target amounts.										
	LBB key <u>Output</u> measures are reported to the LBB and Governor electronically on a quarterly basis.				TBD = To Be Determined						
	LBB key <u>Outcome</u> measures are reported to the LBB and Governor electronically on an annual basis.										
LBB non-key measures are reported to the LBB and Governor in alternating years in the External Operating Budget and Legislative Appropriations Request. Therefore, the reporting is annual.											

FY 2008 Actual As % of Target
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79%
42%
umber of jobs, ed/retained
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108%
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Our target was the number of
61%
than expected



