

2008

SUBSTANTIAL AMENDMENT NUMBER TWO

**WEST VIRGINIA
2008 CONSOLIDATED ACTION PLAN**

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Substantial Amendment Number 2
WEST VIRGINIA
Fiscal Year 2008 Consolidated Action Plan

This substantial amendment to the State of West Virginia's Fiscal Year 2008 Consolidated Action Plan is being prepared in accordance with the Department of Housing and Urban Development [Docket No. FR-5309-N-01] Notice of Program Requirements for Community Development Block Grant Program Funding Under the American Recovery and Reinvestment Act of 2009, (ARRA). Except as described in that notice, statutory and regulatory provisions governing the CDBG-R program, including those at 24 CFT part 570 subpart I, shall apply to the use of these funds. The purpose of this amendment is to summarize the State's method of expediting the distribution of these funds and to describe the activities budgeted for the use of this program.

The CDBG-R grant is a supplemental appropriation. These funds are expected to be made available for the purpose of addressing eligible activities under the normal CDBG-Small Cities Block Grant program on an expedited basis. It was determined in the FY 2008 program design that water and sewer projects be the focus, this amendment will continue that focus. This substantial amendment is to be submitted to HUD Pittsburg office by June 29, 2009.

FORMULA ALLOCATION FOR WEST VIRGINIA:

Administrative Costs	\$ 451,512
CDBG-R Program Activities	<u>\$4,063,612</u>
Total ARRA – CDBG-R	\$4,515,124

American Recovery Reinvestment Act (ARRA) Community Development Block Grant - Recovery Program (CDBG-R)

Prior to the receipt of any CDBG-R funds from the Recovery Act appropriation, the State must prepare a statement of community development objectives and projected use of funds. The projected use of funds shall explain statutory issues affecting program design and implementation.

Title XII of Division A of the ARRA of 2009 (Public Law 111-005, approved February 17, 2009) appropriated a total of \$1 billion to carry out the CDBG program under Title I of the Housing and Community Development Act of 1974, (42 U.S.C. 5301, et seq.) (the HCDA) on an expedited basis. These funds will be awarded to general local governments. Funding available under the Recovery Act has clear purpose – to stimulate the economy through measures that modernize the Nation’s infrastructure, improve energy efficiency, and expand educational opportunities and access to health care. In order to be consistent with the State’s priority of focusing on water and sewer needs, implementation will emphasize stimulating the economy through measures that modernize the Nation’s infrastructure and improve energy efficiency wherever possible, and create short and long term job opportunities. As required, the State will undertake unprecedented measures to ensure transparency and accountability in the use of these funds.

As noted in the Executive Summary of the FY2008 Consolidated Action Plan, The primary objective of Title I of the Housing and Community Development Act of 1974, as amended, is the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this primary objective, not less than 70 percent of the aggregate of the federal Title I assistance distributed shall be used for the support of activities that benefit persons of low and moderate income in the non-entitlement areas of West Virginia. Compliance with the overall benefit requirement will be demonstrated separately for the CDBG-R grant and not in combination with regular CDBG-SCBG funding or commitments.

In order to facilitate planned improvements to the quality of life and to strengthen and expand the economic base for all West Virginia citizens and communities consistent with the Consolidated Plan, the following SCBG Community Development objectives are stated:

- (1) Support job creation or retention efforts.
- (2) Support local government efforts to provide affordable infrastructure systems to strengthen the foundations for economic growth and alleviate conditions that affect environmental quality, public health, or welfare.
- (3) Support local community development efforts to assist low- to moderate-income citizens to achieve an improved quality of life by supporting

locally developed strategies to protect, maintain, and expand access to facilities and services and to revitalize deteriorating downtown and residential neighborhood areas.

Consistent with these State objectives, Small Cities Block Grant funds may be granted to eligible units of local government if documented to fulfill one of the three national objectives:

- (1) Activities benefiting low- and moderate-income persons;
- (2) Activities which aid in the prevention or elimination of slums or blight;
- (3) Activities designed to meet community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs.

Implementation Procedures, Limitations, and Waivers

The following are specific criteria under which the proposed projects have been selected:

- The project must have been previously submitted for funding consideration from the FY2008 SCBG program allocation.
- Project must be ready to enter into construction contracts within 120 days from the date noted in the HUD award letter. The State anticipates receipt of the award letter no earlier than August, 2009, which would in turn call for a construction contract to be in place by the end of November, 2009.
- The State is required to allow for a 7-day comment period of the substantial amendment.
- The selected projects must be completed by the expiration date of these dollars which is September 30, 2012. Any funds not expended by this date will be recaptured by HUD and returned to the U.S. Treasury.

The State is very limited in their universe of projects that fit these noted guidelines. Therefore, **for the CDBG-R program only, the State is seeking a waiver from HUD to exceed the established cap of \$1,500,000 for water and sewer projects.** It has been determined that such waiver is necessary to expedite implementation and facilitate the timely use of these funds while being consistent with the overall purpose of the statute. HUD has encouraged grantees to use CDBG-R funds for stand-alone activities whenever possible. The approval of this waiver request would allow the CDBG-R program to fully fund a project that is otherwise seeking funding from a source that has stringent regulations and would ultimately slow the expediency with which this project can proceed forward. Also, due to the requirement outlined in Section 1605 of the Recovery Act stating that materials utilized in the projects must be produced in the United States, construction costs are anticipated to increase by approximately 10 percent. (It is

understood that a grantee can request a waiver of this provision IF the use of U.S.A. goods will increase the project by more than 25 percent.)

Threshold Requirements—Performance Standards

In keeping with Section 1602 of the Recovery Act, the State shall utilize these grant dollars in a manner that will enhance job creation and economic benefit. Preference will be given to infrastructure investments that can be started and completed expeditiously, including a goal of obligating at least 50 percent of the funds for activities that can be initiated within 120 days of enactment of Recovery Act. To reiterate, **priority will be given to projects that can award contracts based on bids within 120 calendar days from the date the funds are made available to the State.**

In January 2009, when the State was making funding recommendations from the FY2008 allocation, the phrase “shovel ready” was becoming a common theme. In order to position ourselves for the stringent criteria that were rumored to be mandated should the ARRA dollars become a reality, and due to the lengthy process West Virginia historically has in place for getting a water or sewer project through the system, FY08 awards were strategically selected. In addition to the emphasis being placed on such review criteria as “readiness of project to proceed” and “commitment of all other funding sources,” the selection process for CDBG-R had to enact review criteria that asked: (1) status of environmental review; (2) status of Public Service Commission review, (this process alone can take up to 120 days); and (3) status of bid process, etc. For two of the proposed projects, we are suggesting augmenting the current funding sources with CDBG-R and thereby reduce the original request for Small Cities Block Grant funds tentatively awarded but not released by the Governor as of this date. The release was conditional based on the projects readiness to proceed. The timely availability of ARRA CDBG-R dollars has accelerated the ability of these critical projects to proceed to construction. These systems will not only modernize the current infrastructure, but in some cases, provide water where current systems pose life threatening situations. Augmenting these projects with CDBG-R dollars will allow the state to better align their budget with the Fiscal Year 2009 HUD allocation.

The State will require additional language in each bid document that notes the usage of American-made materials. As noted earlier, it is anticipated that this could increase the construction line item by as much as 10 percent.

Citizens Comments

The state placed a Public Announcement in newspapers widely read throughout the state. Public comments were solicited for 7 days. The DRAFT Substantial Amendment #2 to the FY2008 Action Plan was made available on the WVDO web site and the address was noted in the public announcement. The citizens comments that were received did not have anything to do with the proposed plan. The following are the comments:

A. Two individuals in the Morgantown area called concerned because they woke up to three copies of the ad posted and placed in three locations on their property. A letter from Mr. Donley Studlar with regards to the one individual (Mr. John Fahey), is attached for review under Section Four – “Citizen Participation.” In both instances the individuals were assured that a project was not planned for their property, the WVDO nor the State had anything to do with how those posters placed there or why they were placed there, and directed them to review the DRAFT Action Plan at the provided web site address. We further assured them that the CDBG-R dollars were being utilized for water or sewer projects only. The second individual was Janet Donahue.

B. We received following e-mails:

1. Jeanna,

I read about the grant program as part of the amendment - I operate in both Marion County and Mon County - see my websites below. I'm embarking on new and ongoing HUD type new constructions and I'm looking for assistance. Can you help me understand what assistance I qualify for and also how I can help contribute to reviewing the 'draft' and providing my feedback.

Kindest Regards,

--Mike

Michael D. Evanoff, Owner & Manager
MJM Properties, LLC

Response: The amendment notice that was in the newspaper is for West Virginia's American Recovery Reinvestment Act of 2008 program. Those dollars are to be utilized for water/sewer type projects.

I'm not real clear on what you are asking so if this does not answer your question, please provide me with additional information.

Thank you,

Jeanna

2. Ms. Bailes,

My name is Tom Stewart and I am a resident of Brooke County, WV. I am an aspiring entrepreneur with an intent to open and operate a coffee shop/deli business in Wheeling WV. I was attempting to purchase one there recently when my attempt at financing fell through. On Sunday I read the ad concerning the availability of development grant money and was curious to know how I could apply for this type of funding. My business would aid in Wheeling's economic growth and stability by providing 2-3 part-time jobs, (that were recently lost when the previous shop closed), with the potential to add other jobs in the future by future growth and expansion of my business to other locations in the area.

If you have any information you could relay to me by responding to this e-mail it would be greatly appreciated and I would be most grateful. Thank you for your time.

Sincerely,

Thomas M. Stewart

Response: The state ARRA dollars will be utilized toward water/sewer type activities that benefit low-to-moderate income persons. Our amendment to the FY2008 Consolidated Action Plan will be on our web site this Wed if you would like to review for further clarification of the selected projects.

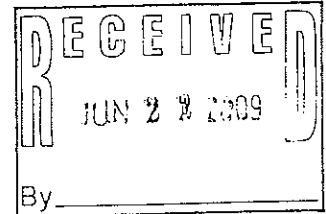
Thank you for your expressed interest.

Jeanna

C. Calls were received regarding assistance with buying a home and/or weatherization issues. Citizens were directed to contact the West Virginia Housing Development Fund.

671 West View Avenue
Morgantown, WV 26505
(304) 598-3221
June 20, 2009

Project Development Section
Community Development Division
West Virginia Development Office
Building 6, Room B-553
Charleston, WV 25305-0311



Dear Project Development Office:

This letter is written about three identical signs that recently appeared in Morgantown, WV, all on property owned by John Fahey at the corner of Van Voorhis and South View (photo attached). Please consider this a response to the Public Comment request on the sign.

I have not seen this sign elsewhere in this area. A similar notice apparently did appear in the Morgantown *Dominion-Post*. When I inquired about these signs, the Planning Department of the City of Morgantown indicated no knowledge of any application for development of this property, which would be a necessary step in the process. This property and the surrounding area of the city are zoned R-1 (single family residential).

Can you tell me whether these signs indicate that there is an application or expected application for such funds to develop this property? If so, please provide details. If there is no such application, can you explain why these signs apparently only have appeared on this property? Are there applications pending for other sites in Morgantown? If so, please provide details.

Sincerely,

A handwritten signature in cursive script that reads "Donley T. Studlar".

Donley T. Studlar

cc. Christopher M. Fletcher, AICP, Planning Director, City of Morgantown

Proposed Activities to be Undertaken

The State will emphasize the use of CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents. When considering the projects selected for proposed funding, the State looked at the universe of applications that best fit the above outlined criteria to ensure that the objectives could be met and the public would benefit from the intent of the Recovery Act.

The proposed projects are as follows:

**Amount ARRA
Obligation Proposed**

<p>Clay County Commission – Queen Shoals Public Service District Water System Improvements Jerry Linkinoggor, President Post Office Box 190 Clay, West Virginia 25043</p>	<p>\$1,800,000</p>
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- Qualifies based on Low-to-Moderate Income - 570.201 (c)
- National Objective Citation: 570.483(b)(1)(i)
- Region III Planning and Development Council will be administering this project on behalf of the Clay County Commission. Mr. Terry Martin will be the contact person at (304) 744-4258.
- SCBG FY08 Design Grant for \$100,000
- Funding Scenario:

SCBG	\$ 100,000
CDBG-R	<u>1,800,000</u>
Total	<u>\$1,900,000</u>
- No proposed rate changes. Current rates are already high at \$52.08 for this low-to-moderate income eligible area.
- It is anticipated that approximately 20 construction jobs will be created as a result of this project. While the construction is on-going in the area, it will help stimulate the economy.
- Area is constantly under boil water notice

Project Description: This project will serve 382 persons. It will extend water service to 39 customers that are currently unserved. The scope of work to be completed is to rehabilitate lines, replace outdated water meters that give false water readings with 130 new electric register meters, and construct a 150,000 gallon storage tank and booster station. As a result, operation and maintenance costs will be reduced and it will help alleviate the need for a rate increase to the already high \$52.08 tariff for 4,500 gallons of water usage.

The provision of public water infrastructure will provide the potential for economic development and job creation in an area that is extremely rural but within close proximity to a four lane highway. This project will promote energy efficiency.

**Boone County Commission – Printer Road
Phase 1 Waterline Extension**

\$1,300,000

Atholl Halstead, President

206 Court Street

Madison, West Virginia 25130

- Qualifies based on Low-to-Moderate Income - 570.201 (c)
- National Objective Citation: 570.483(b)(1)(i)
- Region III Planning and Development Council will be administering this project on behalf of the Clay County Commission. Mr. Terry Martin will be the contact person at (304) 744-4258.
- SCBG FY08 Design Grant for \$200,000
- The Boone County Commission and Public Service District filed with the WV Public Service Commission and received a document showing this project is a main line extension and not subject to the normal approval of the Public Service Commission (PSC).
- There may not be any long term jobs created as a result of this project but it is expected that 15 to 20 part time jobs will be created for the duration of the construction phase. Also, while the construction is on-going in the area, it will help stimulate the economy.
- Project went to bid last week.
- Funding scenario:

SCBG	\$	200,000
CDBG-R		1,300,000
* WVAW		437,500
**Boone CC		<u>300,000</u>
Total		\$2,237,500

Project Description: The scope of work is to replace 32,000 feet of water line and provide a better quality of water for 156 residents. This project will extend water service to 76 new households that currently are unserved. The existing facilities will be replaced with adequate hydraulic and treatment capacities. This area has a high degree of cancerous tumors in its residents. It has been indicated that the current health issues have a link to the current water system due to the mining in the area.

The provision of public water infrastructure will provide the potential for economic development and job creation in the area. The activities from this project will promote energy efficiency.

* West Virginia American Water

** Boone County Commission

**City of Summersville – Glade Creek Phase II
Water Extension Project**

\$963,612

Robert Shafer, Mayor
400 North Broad Street
P.O. Box 525
Summersville, West Virginia 26651

- Qualifies based on Low-to-Moderate Income - 570.201 (c)
- National Objective Citation: 570.483(b)(1)(i)
- Region IV Planning and Development Council will be administering this project on behalf of the City of Summersville. Mr. W.D. Smith will be the contact at (304) 872-4970.
- SCBG FY07 - \$200,000 Design Grant
- It is anticipated that approximately 15 construction jobs will be created. While the construction is on-going in the area, it will help stimulate the economy.
- 90% of right of way's have been acquired.

Submitted to PSC on 4-1-09. Project should be able to proceed to construction by September 2009.

O Funding scenario:	SCBG	\$ 536,388.00
	CDBG-R	963,612.00
	USDA-loan	2,299,240.00
	USDA-grant	858,294.00
	USDA-Farm Bill loan	112,466.00
	* AML	1,344,602.04
	IJDC grant	<u>372,000.00</u>
	Total	\$6,486,602.04

Project Description: This project will extend water service to 281 households. Currently, citizens depend upon private wells, springs, cisterns and bottled water for domestic use. The wells generally provide poor quality water high in mineral content and inadequate supply. The water must be treated regularly before consumption. The provision of public water infrastructure will provide the potential for economic development and job creation in the area. This project will promote energy efficiency.

* Abandon Mine Lands

Contact Information

The Governor of West Virginia has charged the West Virginia Development Office in administering these dollars. Please direct all questions and comments to:

Jeanna Bailes, Manager
Project Development Section
Community Development Division
West Virginia Development Office
Building 6, Room 553
Charleston, West Virginia 25305-0311
Phone/TDD: (304) 558-2234
Fax: (304) 558-3248
e-mail: jbailes@wvdo.org
www.wvdo.org/community/appforms.html

CDBG-R

Activity Data Spreadsheet

Jurisdiction/Grantee Name: State of West Virginia		CDBG-R Formula Grant Amount: \$4,515,124					Date: June 25, 2009
Activity Name	Activity Description	Eligibility (Regulatory or HCDA Citation)	National Objective Citation	CDBG-R Project Budget (\$)	Additional Recovery Funds (\$)	Other Leveraged Funding (\$)	Total Activity Budget
Clay County Commission - Queen Shoals Public Service District Water System Improvements	This project will serve 382 persons. The scope of work to be completed is to rehabilitate lines, replace water meters and construct a 150,000 gallon storage tank and booster station. As a result, operation and maintenance costs will be reduced and it will help alleviate the need for a rate increase to the already high \$52.08 tariff for 4,500 gallons of water usage.	570.201 (c)	570.483(b)(1)(i)	1,800,000	0	0	1,800,000
Boone County Commission - Printer Road Phase I Waterline Extension	The scope of work is to replace 32,000 feet of water line and provide a better quality of water for 156 residents. Due to this project, the existing facilities will be replaced with adequate hydraulic and treatment capacities. This area has a high degree of cancerous tumors in its residents. It has been indicated that the current health issues have a link to the current water system due to the mining in the area.	570.201 (c)	570.483(b)(1)(i)	\$1,300,000	\$0	\$937,500	2,237,500
City of Summersville - Glade Creek Phase II Water Extension	This project will serve approximately 281 households. Currently, citizens depend upon private wells, springs, cisterns and bottled water for domestic use. The wells generally provide poor quality water high in mineral content and inadequate supply. The water must be treated regularly before consumption. The provision of public water infrastructure will provide the potential for economic development and job creation in the area.	570.201 (c)	570.483(b)(1)(i)	\$963,612	\$0	\$5,522,990	6,486,602
							0
							0
							0
							0