

CDBG-R SUBMISSION TEMPLATE **& CHECKLIST**

The American Recovery and Reinvestment Act of 2009 ("Recovery Act") was signed into law by President Obama on February 17, 2009. The Recovery Act awards \$1 billion in CDBG Recovery (CDBG-R) funds to be distributed to cities, counties, insular areas and states, of which \$10 million has been reserved by HUD for its administrative costs and \$10 million of which will be awarded to Indian tribes. Recipients of the remaining \$980 million of CDBG-R funds will be the approximately 1,200 jurisdictions that received CDBG funding in Fiscal Year 2008. This template sets forth the suggested format for grantees receiving funds from CDBG-R. A complete submission contains the information requested below, including:

- (1) The CDBG-R Substantial Amendment (template attached below)
- (2) Spreadsheet for Reporting Proposed CDBG-R Activities (see <http://www.hud.gov/recovery>)
- (3) Signed and Dated Certifications (see <http://www.hud.gov/recovery>)
- (4) Signed and Dated [SF-424](#).

Grantees should also attach a completed CDBG-R Substantial Amendment Checklist to ensure completeness and efficiency of review (attached below).

THE CDBG-R SUBSTANTIAL AMENDMENT

Jurisdiction(s): <u>Municipality of Canovanas</u> Jurisdiction Web Address: <ul style="list-style-type: none"> • <i>(URL where CDBG-R Substantial Amendment materials are posted)</i> 	CDBG-R Contact Person: Dennisse Encarnación Address: P.O. Box 1612, Canóvanas, Puerto Rico, 00729 Telephone: 787-876-3444 Fax: 787-256-1222 Email: hudcanovanas@yahoo.com
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ENSURING RESPONSIBLE SPENDING OF RECOVERY ACT FUNDS

Funding available under the Recovery Act has clear purposes – to stimulate the economy through measures that modernize the Nation’s infrastructure, improve energy efficiency, and expand educational opportunities and access to health care. HUD strongly urges grantees to use CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents or activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings. While the full range of CDBG activities is available to grantees, the Department strongly suggests that grantees incorporate consideration of the public perception of the intent of the Recovery Act in identifying and selecting projects for CDBG-R funding.

A. SPREADSHEET FOR REPORTING PROPOSED CDBG-R ACTIVITIES

Grantees must provide information concerning CDBG-R assisted activities in an electronic spreadsheet provided by HUD. The information that must be reported in the spreadsheet includes activity name, activity description, CDBG-R dollar amount budgeted, eligibility category, national objective citation, additional Recovery Act funds for the activity received from other programs, and total activity budget. An electronic copy of the spreadsheet and the format is available on HUD’s recovery website at <http://www.hud.gov/recovery>.

Jurisdiction/Grantee Name: Municipality of Canovanas		CDBG-R Formula Grant Amount: \$358,539					Date:
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
CDBG-R Activity #1- Installation of solar hot water heating system	The Municipality of Canovanas is proposing the provision of assistance to low income families for the installation of Solar Hot Water Heating Systems in housing units. The goals of the program are to increase energy efficiency and reduce the burden of utility bills, improve the quality of life of low income persons	570.202.03(l)	570.208(a)(3)	322,685	0	0	322,685
CDBG-R- Activity #2- Planning and Administration	A total of \$35,853.90 (10% of the total grant) of CDBG-R funds will be used to pay reasonable program administration costs and carrying charges related to the planning and execution of community development activities assisted in whole or in part with funds provided under the CDBG program.	570.206(a)(1).		\$35,853	\$0	\$0	35,853

B. CDBG-R INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

- (1) **Activity Name:** (Grantees should follow the same order that activities are listed in the Spreadsheet for Reporting Proposed CDBG-R Activities – this will allow HUD to easily match activity narratives with the information provided in the spreadsheet.)

CDBG-R Activity #1- Installation of solar hot water heating system

- (2) **Activity Narrative:** In addition to the Spreadsheet for Reporting Proposed CDBG-R Activities, grantees must provide a narrative for each activity describing how the use of the grantee’s CDBG-R funds will meet the requirements of Title XII of Division A and Section 1602 of ARRA. The grantee’s narrative must also state how CDBG-R funds will be used in a manner that maximizes job creation and economic benefit in relation to the CDBG-R funds obligated, and will address the Recovery Act, by:

Project Description

The Municipality of Canovanas is proposing the provision of assistance to low income families for the installation of Solar Hot Water Heating Systems in housing units. The goals of the program are to increase energy efficiency and reduce the burden of utility bills, improve the quality of life of low income persons.

Eligible families will receive assistance to acquire and install certified Water Heater System to substitute existing non solar water heaters system. Solar water heating systems will include storage tanks and solar collectors and any other equipment necessary to install the heater into the housing unit. Water Heater providers must be certified by the Commonwealth of Puerto Rico Energy Affairs Administration.

CDBG-R funds will be used by low income persons to install Solar Water Heater system into existing housing units. The following are the proposed costs related to the activity:

- Costs of labor, materials, equipment, supplies and other expenses required for the installation of the water heaters, including repair or replacement of principal fixtures and components of existing structures.
- Costs of connecting the water heater to existing residential or to water distribution lines;
- Any other eligible cost permitted by the regulations

CDBG-r funds will also be used to cover the costs and related expenses required for outreach efforts for marketing the program, case management, screening potential applicant households and structures, preparing work specifications, inspections, and other services related to assisting owners who are participating or seeking to participate in the program. A total of 88 families are expected to be assisted by the program.

Assistance will be provided citywide to eligible families.

Project Eligibility:

The project is an eligible activity under 24 CFR 570.202 03(l) Eligible rehabilitation and preservation activities.

The activity is included in the CDBG Guide to National Objectives (Page 2-3). Specifically the proposed activity fall under Conservation category. Conservation is defined by the National Objective Guide as:

“Costs required to increase the efficient use of water (e.g., water saving faucets and shower heads) and improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, insulation, and modification or replacement of heating and cooling equipment.”

Compliance With National Objective:

The project complies with the National Objective of Benefiting low and moderate income persons (570.208(a)(3)) (Housing Activities). Section 105(c)(3) of the authorizing statute, the Housing and Community Development Act of 1974, requires that, in order for an activity that involves the acquisition or improvement of property for housing to qualify as benefiting L/M income persons, the housing must be occupied by such persons. All persons receiving assistance will be evaluated to determine compliance with the national objective requirement.

How the project will preserve and/or create jobs and promote economic recovery?

The local effect of the CDBG-R funds to be received by the Municipality was estimated using the methods described in Romer and Bernstein. This method is the same used by the Congressional Budget Office for the calculation of the National Estimates. According to this method, one job will be generated by every \$27,210 invested in infrastructure project. The following tables show the application of the Romer and Bernstein model:

	CDBG-R Jobs
Investment	\$358,539
Cost per job	\$27,210
Jobs created by program	13

This project will provide economic benefit to the community and support local economic recovery by providing employment, including the expansion of employment for green building work, and other related installation jobs. It is estimated that the funding will support approximately 13 full-time temporary equivalent construction and related jobs.

Solar water system will be sold and installed by independent contractors. This will allow that CDBG-R promote the economic recovery of the private sector while achieving the objective of the Act. Direct employment will keep those contractor employees off assistance programs. Second, the multiplier effect of their payroll will infuse cash into the economy for a wide range of goods and services. The use of the funds will generate additional income to the City in sale tax, patent and other economic activities.

How the project will assist those most impacted by the recession?

The proposed activity targets the needs of the low income families that have been impacted by the recession. Low income households are spending 33 percent more of their income on home energy costs compared to 2000. These households typically spend one-fifth of their annual income on home energy bills – more than six times the level that other income groups devote to home energy bills. Indeed, the increase in energy prices since 2004 has outstripped family's income, leaving less money for food, rent, and health care.

The project will improve the quality of life and economic condition of 290 persons.

How the project will provide the investment needed to increase economic efficiency?

The Puerto Rico economy has been adversely affected by a marked decline in the U.S. economy and internally by a continued drop in fixed investment, job losses and restrictions on credit availability. Puerto Rico is experiencing a third consecutive year of recession in fiscal year 2009. The reduction in government income had an effect in the provision of services. Without funding jobs are to being lost creating snowball effect in the economy. By providing funds to this program the municipality will be able to promote economic activity, lower the utility cost of low income persons, and maintain the jobs in the private sector.

The only way that low income families can afford the proposed solar water heater system is with the assistance of CDBG-R funds. The CBDG-R funds investment has a two fold benefit system.

First the \$322,685 will be invested directly into the economy promoting jobs, expenditures, and generating local and state taxes.

Second the annual energy cost saving is estimated in \$68,640 (\$780 per family). When projecting this saving into the lifespan of the equipment the total saving will be \$1,372,800 (\$15,600 per family).

How the CBDG investment will be made in transportation, environmental protection, or other infrastructure projects that will provide long-term economic benefits?

As explained before the project will have a long term economic benefit of approximately \$1,372,800. The CDBG-R impact will result in an economic benefit equivalent to 383%. This return on investment is higher than any other economic indicator.

How the project will minimize or avoid reductions in essential services?

When low income families are in need they request the municipal government services or economic assistance. The recent crisis has increased the number of families in need while the

resources to address their need have decreased. By providing assistance through this program the Municipality is assuring that the families will maintain a lower utility cost while making available more income. It is our understanding that the cost of energy is a major factor in housing affordability. The provision of this assistance will help more low income persons significantly reduce their energy costs not only immediately, but for years to come while maintaining their housing units.

In the other hand assisting these families through a long term approach will allow the Municipality to manage the limited economic resources to assist other families with different economic needs.

How the project will foster energy independence?

The use of solar energy for heating water is one of the most promising near term renewable sources of energy for Puerto Rico, offering substantial potential savings in electricity and thus reductions in the need for imported petroleum. The ample sunshine and temperatures that never go below freezing permit the use of simpler and less expensive collectors than those required in most areas of the mainland United States. The technology is well advanced, and commercially available systems can be substituted directly for electric systems in household, commercial, and industrial applications.

A survey by the Puerto Rico Electric Power Authority, performed in the San Juan metropolitan area indicated on the basis of a small sample that the average residential consumption of electrical energy for water heating amounted to 200 kWh per month. If the number of heaters and average consumption were as assumed, domestic water heating would have accounted for about 10 percent of Puerto Rico's total electricity consumption.

Although solar water heating is the most competitive solar application on the basis of cost, the main barrier to widespread acceptance of this technology in the residential sector, as in all solar energy areas, is the high initial cost. In Puerto Rico an average solar water heating system suitable for a family of five cost approximately \$4,000, or about 10 times the cost of an equivalent electric unit. Using this as a reference point the use of CDBG-R funds will allow low income families to acquire and install equipment that will provide them with substantial saving in the electric bill. In the absence of any other incentive there is obviously no reason for low income families to consider converting to solar power.

The current electric service rates in Puerto Rico consist primarily of:

- basic charges, made up of demand client and energy related charges;
- fuel adjustment charges to recover the cost to the Authority of-fuel oil;
- and purchased power charges to recover the cost to the Authority of-power purchased to the EcoElectrica and AES-PR cogeneration facilities (which went into effect in fiscal year 2000, when the Authority began purchasing power to the EcoElectrica facility).

Consequently, cost per kilowatts hour will reflect changes in the fuel charge and the purchased power charge caused by fluctuations in the price of fuel oil or purchased power. The current rate per kilowatt hour in Puerto Rico is 26 cents (including the oil surcharge).

Taking into consideration the cost per kilowatts, the saving in electricity for typical family will be \$65.00 per month and \$780 annually. The installation of the solar water heaters will have the effect of fostering energy independence and providing extra income to the low income families.

(3) Jobs Created: (Report the number of full- and part-time jobs estimated to be created and retained by the activity (including permanent, construction, and temporary jobs)).

The local effect of the CDBG-R funds to be received by the Municipality was estimated using the methods described in Romer and Bernstein. This method is the same used by the Congressional Budget Office for the calculation of the National Estimates. According to this method, one job will be generated by every \$27,210 invested in infrastructure project. The following tables show the application of the Romer and Bernstein model:

	CDBG-R Jobs
Investment	\$358,539
Cost per job	\$27,210
Jobs created by program	13

This project will provide economic benefit to the community and support local economic recovery by providing employment, including the expansion of employment for green building work, and other related installation jobs. It is estimated that the funding will support approximately 13 full-time temporary equivalent construction and related jobs.

(4) Additional Activity Information: (A description of how the activity will promote energy conservation, smart growth, green building technologies, or reduced pollution emissions, if applicable.)

See response above

(5) Responsible Organization: (Contact information for the organization that will implement the CDBG-R activity, including its name, location, and administrator contact information)

Grantee Name	Municipality of Canóvanas
Name of Entity or Department Administering Funds	External Resources Office
HPRP Contact Person (person to answer questions about this amendment and HPRP)	Dennisse Encarnación
Title	Director
Address Line 1	P.O. Box 1612
Address Line 2	
City, State, Zip Code	
Telephone	Canóvanas, Puerto Rico, 00729
Fax	787-876-3444
Email Address	787-256-1222
Authorized Official (if different from Contact Person)	Jose M. Soto
Title	Mayor
Address Line 1	P.O. Box 1612
Address Line 2	
City, State, Zip Code	Canóvanas, Puerto Rico, 00729
Telephone	787-876-3444
Fax	787-256-1222
Email Address	hudcanovanas@yahoo.com
Web Address where this Form is Posted	

(1) Activity Name: (Grantees should follow the same order that activities are listed in the Spreadsheet for Reporting Proposed CDBG-R Activities – this will allow HUD to easily match activity narratives with the information provided in the spreadsheet.)

CDBG-R- Activity #2- Planning and Administration

(2) Activity Narrative: In addition to the Spreadsheet for Reporting Proposed CDBG-R Activities, grantees must provide a narrative for each activity describing how the use of the grantee’s CDBG-R funds will meet the requirements of Title XII of Division A and Section 1602 of ARRA. The grantee’s narrative must also state how CDBG-R funds will be used in a manner that maximizes job creation and economic benefit in relation to the CDBG-R funds obligated, and will address the Recovery Act, by:

A total of \$35,853.90 (10% of the total grant) of CDBG-R funds will be used to pay reasonable program administration costs and carrying charges related to the planning and execution of community development activities assisted in whole or in part with funds provided under the CDBG program. Program administration costs will include staff and related costs required for overall program management, coordination, monitoring, reporting, and evaluation, as described at §570.206(a)(1).

Use of consultants in CPD activities

The Municipality will use consultants to assist in the undertaking of CPD (CDBG programs) activities.

Among the activities that will be undertaken by the consultants are the following:

- Studies,
- Analysis,
- Data gathering,
- Preparation of plans,
- Identification of actions that will implement plans,
- Community and Economic Development action identified in local plans and consistent with the CPD programs,
- Eligible actions identified in the “Guide to National Objectives & Eligible Activities for Entitlement Communities”,
- Other eligible activities as defined by the director of the Housing and Community Development Department,
- Eligible activities identified in the CDBG, HOME and ESG regulations.

Consultants and contractors will be selected using a competitive process consistent with 24 CFR Part 85. The use of consultants will be governed by Employer-employee relationship or Independent contractor relationship as defined by 24 CFR 570.200(d).

How the project will preserve and/or create jobs and promote economic recovery?

The preservation of local government jobs will promote economic recovery. Maintaining experienced employees, especially those who have administrative responsibilities for CDBG programs, will provide long-term economic benefits to the City. The equivalent of 1 full time position will be retained with CDBG-R administrative funds.

How the project will assists those most impacted by the recession?

N/A

How the project will provide the investment needed to increase economic efficiency?

N/A

How the CBDG investment will be made in transportation, environmental protection, or other infrastructure projects that will provide long-term economic benefits?

N/A

How the project will minimize or avoid reductions in essential services?

N/A

How the project will foster energy independence?

N/A

(3) Jobs Created: (Report the number of full- and part-time jobs estimated to be created and retained by the activity (including permanent, construction, and temporary jobs)).

N/A

(4) Additional Activity Information: (A description of how the activity will promote energy conservation, smart growth, green building technologies, or reduced pollution emissions, if applicable.)

N/A

C. PUBLIC COMMENT

Provide a summary of public comments received to the proposed CDBG-R Substantial Amendment.

Note: A Proposed CDBG-R Substantial Amendment must be published via the usual methods and posted on the jurisdiction's website for no less than 7 calendar days for public comment.

Response:

CDBG-R Substantial Amendment Grantee Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the CDBG-R Substantial Amendment, Spreadsheet for Reporting Proposed CDBG-R Activities, and SF-424.

Contents of a CDBG-R Action Plan Substantial Amendment

Jurisdiction(s): _____ Lead Agency Jurisdiction Web Address: <i>(URL where CDBG-R Substantial Amendment materials are posted)</i>	CDBG-R Contact Person: Address: Telephone: Fax: Email:
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The elements in the substantial amendment required for the CDBG recovery funds are:

A. SPREADSHEET FOR REPORTING PROPOSED CDBG-R ACTIVITIES

Does the submission contain a paper copy of the Spreadsheet for Reporting Proposed CDBG-R Activities?

Yes No Verification found on page _____

Does the submission include an electronic version of the Spreadsheet for Reporting Proposed CDBG-R Activities sent to the email box CDBG-R@hud.gov?

Yes No Date Spreadsheet was emailed: _____

Does the Spreadsheet for Reporting Proposed CDBG-R Activities include, for each activity:

- amount of funds budgeted for each activity, including CDBG-R funds, any additional Recovery Funds used and total activity budget,
 Yes No Verification found on page(s) _____
- the Eligibility citation (eligibility regulatory cite or HCDA cite),
 Yes No Verification found on page(s) _____
- the CDBG national objective citation,
 Yes No Verification found on page(s) _____

B. CDBG-R INFORMATION BY ACTIVITY

Does the submission contain information by activity describing how the grantee will use the funds, including:

- a narrative for each activity describing how CDBG-R funds will be used in a manner that maximizes job creation and economic benefit,
Yes No Verification found on page(s) _____
- projected number of jobs created for each activity,
Yes No Verification found on page(s) _____
- whether an activity will promote energy efficiency and conservation,
Yes No Verification found on page(s) _____
- the name, location, and contact information for the entity that will carry out the activity,
Yes No Verification found on page(s) _____
- evidence that no more than 10% of the grant amount will be spent on administration and planning,
Yes No Verification found on page (s) _____
- evidence that no more than 15% of the grant amount will be spent on public services,
Yes No Verification found on page (s) _____
- evidence that at least 70% of the grant amount will benefit persons of low and moderate income,
Yes No Verification found on page (s) _____

C. PUBLIC COMMENT PERIOD

Was the proposed action plan amendment published via the jurisdiction’s usual methods and on the Internet for no less than 7 calendar days of public comment?

Yes No Verification found on page(s) _____

Is there a summary of citizen comments included in the final amendment?

Yes No Verification found on page(s) _____

D. CERTIFICATIONS

The following certifications are complete and accurate:

- | | | |
|---|------------------------------|-----------------------------|
| (1) Affirmatively furthering fair housing | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-displacement and relocation plan | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (3) Drug-free Workplace | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (4) Anti-lobbying | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (5) Authority of jurisdiction | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (6) Consistency with plan | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

- | | | |
|--|------------------------------|-----------------------------|
| (7) Section 3 | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (8) Community development plan | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (9) Following a plan | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use of Funds | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (11) Excessive Force | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (12) Compliance with anti-discrimination laws | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (13) Lead-based paint procedures | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with laws | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with ARRA | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (16) Project selection | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (17) Timeliness of infrastructure investments | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (18) Buy American provision | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (19) Appropriate use of funds for infrastructure investments | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (20) 70% of CDBG-R for LMI | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Optional Certification | | |
| (21) Urgent Need | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

D. STATE CERTIFICATIONS

The following certifications are complete and accurate:

- | | | |
|--|------------------------------|-----------------------------|
| (1) Affirmatively furthering fair housing | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-displacement and relocation plan | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (3) Drug-free Workplace | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (4) Anti-lobbying | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (5) Authority of State | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (6) Consistency with plan | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (7) Section 3 | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (8) Community development plan | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (9) Consultation with Local Governments | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use of Funds | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (11) Excessive Force | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (12) Compliance with anti-discrimination laws | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with laws | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with ARRA | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (15) Project selection | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (16) Timeliness of infrastructure investments | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (17) Buy American provision | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (18) Appropriate use of funds for infrastructure investments | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (19) 70% of CDBG-R for LMI | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Optional Certification | | |
| (20) Urgent Need | Yes <input type="checkbox"/> | No <input type="checkbox"/> |