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| **OVER THE COUNTER BUTTE AND VALLEY WILDFIRE 2016 INITIAL APPLICATION** |

The Over-the-Counter 2016 Butte and Valley Wildfire Disaster Recovery NOFA (OTCWF NOFA) application process is separate from the competitive application process used to award funds for CDBG eligible activities. Final Application forms will be provided on the HCD website [www.hcd.ca.gov](http://www.hcd.ca.gov). The OTCWF application process is illustrated in the flow chart located on Page 5.

**PROJECT INQUIRY FORM SUBMITTAL**

The first formal step in determining the feasibility of applying for OTCWF NOFA funding is submitting a Project Inquiry Form. This form must be completed and signed by an OTCWF NOFA eligible Jurisdiction. See NOFA Appendix A for a list of eligible Jurisdictions.

The OTCWF Project Inquiry Form is submitted directly to the NOFA Awards Section contact noted on Page 3 of the OTCWF NOFA. Upon receipt of a Jurisdiction’s Inquiry Form, the representative staff will review the project information for CDBG and OTCWF NOFA eligibility. This document outlines the application process overview.

**CONFERENCE CALL AND THRESHOLD REVIEW**

Once the representative staff reviews the Project Inquiry Form and completes the initial project threshold review and schedule a follow up telephone conference call with the Jurisdiction will be scheduled. The purpose of the call is to review the OTCWF process and go over roles, responsibilities, and details involved in funding an OTCWF project.

On the call, OTCWF discussion topics will include: 1) documentation required for submittal of the OTCWF application; 2) requirements for compliance with CDBG and OTCWF NOFA standards; and 3) federal overlay compliance.

In the event the Jurisdiction decides to proceed with the OTCWF NOFA application, representative staff will complete the threshold review for project eligibility. OTCWF NOFA staff may request additional information and schedule a second conference to complete the threshold review (if needed). The Department will issue a written decision on project eligibility based on the inquiry form and conference call(s) (see Written Confirmation of Project Eligibility below).

If the Jurisdiction decides they do not wish to proceed with the application or if it is clear the project is not eligible for OTCWF NOFA funding, representative staff will send written confirmation of the decision not to continue with the application.

**WRITTEN CONFIRMATION OF PROJECT ELIGIBILITY**

Representative staff will compile the project threshold information, make a determination of eligibility, and present a recommendation to CDBG program management to issue an Invitation to Apply, deny an application, or request additional information to determine final eligibility. Based on one of the three (3) recommendations, the Jurisdiction will receive written notification from the Department of the OTCWF application eligibility. If approved, the letter will invite the jurisdiction to submit an OTCWF application. Upon issuing a written Invitation to Apply, the representative staff will schedule a project site visit.

***NOTE*:** The Invitation to Apply initiates the “federalization” of the project including federal overlays that may trigger choice-limiting actions affecting the ability to utilize CDBG funds for the project.

**PROJECT SITE VISIT**

Representative staff will schedule a meeting with the Jurisdiction at the project site to provide an opportunity to validate information submitted regarding the proposed project. It will also allow the representative staff to meet the project’s key contacts and discuss details of the proposed project.

Additional information is discussed including CDBG requirements, roles and responsibilities, timelines, application preparation and process, and federal overlay requirements.

**DEVELOPING AND SUBMITTING AN OTCWF APPLICATION**

As with all CDBG funding proposals, the Jurisdiction must follow the required public participation process. This consists of at least one, but preferably two, public hearings. See the *NOFA Appendix C Citizen Participation* for detailed guidance on compliance with this requirement.

Project specific application forms will be determined during the development of the application and will be included in the jurisdictions OTCWF Application Invitation Letter.

Representative staff will work closely with the Jurisdiction and consultant to assist them through the review and documentation process. Jurisdiction staff will be the principal contact and have primary responsibility for coordinating the application process and completing the application. Completion of the OTCWF application is a joint effort of all parties including HCD staff, jurisdiction staff, jurisdiction’s underwriter, business owner/developer (if applicable based on activity), and any other sources of financing (if applicable).

***NOTE:*** Any project “work” started before contract execution and the clearance of all conditions, regardless of the source of the funds is a risk to the project. It is highly recommended all project team members stay in contact with the representative staff to ensure federal overlay compliance requirements do not affect the completion of the project.

Cost of compliance with federal overlays is an eligible CDBG expense. The Jurisdiction may request the Department’s written approval to proceed with the environmental review prior to submitting the CDBG OTCWF application. Obtaining NEPA clearance allows the project to proceed. Should the jurisdiction decide to proceed with the project prior to the execution of the Standard Agreement and clearance of all special conditions, the jurisdiction would be proceeding solely at their own risk. The Department must provide written approval prior to the costs being incurred.

***NOTE***: All project costs incurred prior to execution of the State Standard Agreement contract and clearance of all conditions is at the sole discretion and risk of the Jurisdiction.

Once the application is completed, including the activity forms, project review, and financial underwriting, the application is presented to the Jurisdiction’s governing body for approval via a formal resolution. Approval of the OTCWF application by the Jurisdiction’s governing body must follow the same process as other CDBG applications, including, properly noticed citizen participation public hearing(s); adoption of a resolution approving submittal of the application and; properly completed and signed application forms and certifications. All information regarding the public hearing process and application and certification forms are located on the HCD website at [www.hcd.ca.gov](http://www.hcd.ca.gov).

**DEPARTMENT APPROVAL OF OTC APPLICATION**

Upon submittal of the full application, resolution, and Application, representative ED staff will review the submittal for compliance with CDBG program requirements and HUD underwriting standards (if applicable based on activity) and determine the suitability for presentation to the Department’s Internal Loan Committee (ILC). The ILC may require additional specific conditions for approving the funding of the project. The ILC prepares and presents a funding recommendation to the Director for final approval.

Subsequent to final approval the Department award letter is issued and representative staff will commence with the preparation of the State Standard Agreement contract.

**CONTRACT EXECUTION AND DISBUSEMENT OF CDBG FUNDS**

The Standard Agreement will contain [General Conditions](http://www.hcd.ca.gov/fa/cdbg/FormsReports.html) (via an on-line checklist) and may include specific Special Conditions unique to the project. The Jurisdiction must clear all conditions prior to disbursement of CDBG funds.

Once all conditions of the grant agreement have been satisfied, the Department will issue a letter to the Jurisdiction stating eligible CDBG costs paid for by the Jurisdiction may be submitted to the Department for reimbursement.

***NOTE***: ANY program income on hand must be spent on the reimbursement of project costs prior to disbursing any CDBG grant.

**IMPORTANT CONSIDERATIONS**

* OTCWF Projects are processed on a first-come first-served basis (based on when application is presented to the ILC) and are not competitively rated and ranked.
* CDBG federal overlay compliance requirements, if not fully considered, may impact the project timeline, or result in choice-limiting actions.
* OTCWF Projects are unique. The current application forms provide a general “framework” for review of projects. Each project will require information specific to the project.
* OTCWF Project financial review is based on HUD underwriting standards (if applicable based on activity).
* OTCWF Projects will require the submittal of detailed project information to the Department for review as part of documenting project and compliance with CDBG requirements and federal overlays
* OTCWF Projects may require CDBG financial underwriting capacity. The underwriter must be knowledgeable in CDBG project analysis, HUD underwriting standards (if applicable based on activity), and CDBG federal overlay requirements.

**Over-the-Counter (OTC) Application Flowchart**

Application reviewed for completeness and CDBG compliance

Jurisdiction contacts OTC staff

Not viable CDBG project

Complete Std. Agreement and Applicant clears Special Conditions

Internal Loan Committee meeting

Recommendation to Director

OTC staff completes loan application review and prepares Internal Loan Committee Memo

Invitation to Apply letter sent to Jurisdiction and Jurisdiction returns acknowledgement letter

Project status is “federalized”. Project is subject to “choice limiting actions.

Consultation with OTC staff on Project Inquiry Form and Q&A’s

Initial consultation call with Jurisdiction

Jurisdiction submits application to OTC staff

OTC Project Inquiry Form sent to OTC staff

Is project eligible?

Director approval or denial of funding

Project funding not approved