Program Launch: Action Plan to Project Implementation Webinar

2020 CDBG-DR and CDBG-MIT Webinar Series

Webinar Instructions

- PowerPoint and webinar recording will be available on the HUD Exchange

- Participants in 'listen only' mode

- Submit content related questions in Q&A box on right side of screen

- For technical issues, request assistance through the Chat box

Questions?

- Please submit your content related questions via the Q&A box
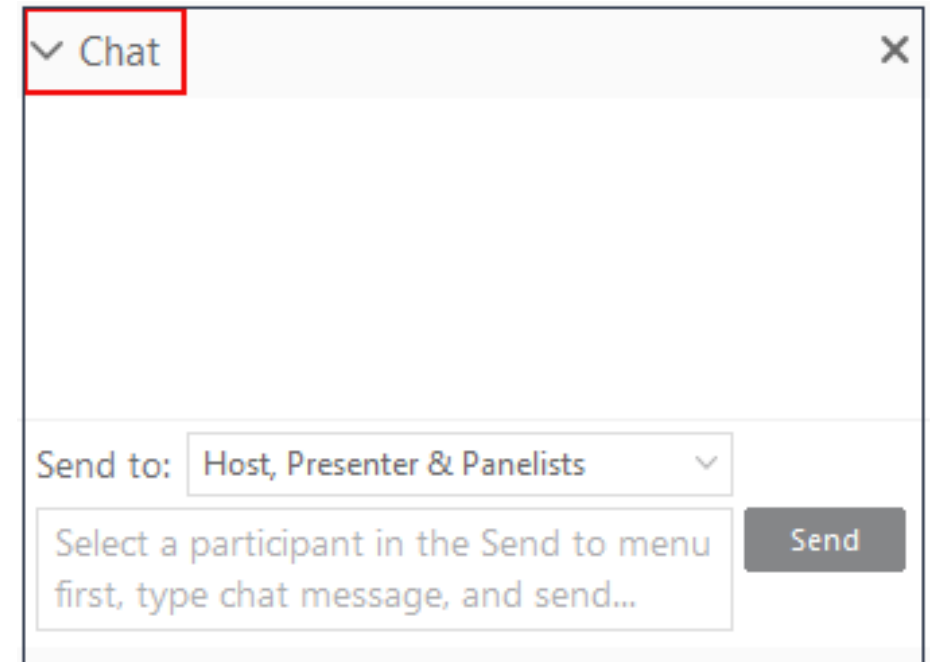- Send to Host, Presenter and Panelists

- Please submit any technical issue related questions via the Chat box

- Send the message directly to the Host

- Host will work directly with you to resolve those issues

Webinar Welcome & Introductions

Wareesha Tariq, HUD

Webinar Welcome & Overview

- Welcome! This webinar is part of a series of webinars for CDBG-DR and CDBG-MIT grantees and their partners on various critical topics

- Program "launch" refers to the phase of CDBG-DR program implementation when grantees:
  - Prepare and submit certification packages & implementation plans
  - Develop and submit an Action Plan
  - Determine & set up critical operational components & management systems

Introductions

- Wareesha Tariq, HUD

- Sue Southon, ICF

- Kelly Price, ICF

Webinar Agenda

- Required HUD Certifications & Implementation Plan

- Development of an Action Plan

- Operational First Steps & Critical Decisions

Poll Question # 1

What stage of your program are you currently at?

A. Writing an Action Plan

B. Beginning to implement programs

C. Considering a revision to your existing programs

HUD Submission Requirements

- Appropriations Act requirement

- For all new grantees, and those receiving supplemental allocations under PL 115-254 and PL 116-20

- Must be updated by older grantees if policies have changed since HUD approval or last award was 2011 storms or earlier

- Grantee should plan to submit Financial Certifications in advance of Action Plan submission

- Other submission requirements can be met at the time of Action Plan submission

- Must be approved by Secretary <u>in advance</u> of grant signing

- May require review by HUD Chief Financial Officer and Office of Inspector General

Certifications & Checklists

- Financial Management & Grant Compliance Certification

- Implementation Plan (Evaluation of Risk and Management Capacity)

- Action Plan Checklist

- Substantial Action Plan Amendment Checklist

- Action Plan Certifications Checklist

Financial Certifications

- Requirement in advance of Action Plan submission to HUD

- Grantee policy and procedures:
  - Financial management
  - Payment & financial reporting
  - Program income
  - Revision of budget & program plans
  - Period of performance
  - Record retention & access
  - Internal controls & improper payments (local governments only)

Financial Certifications (continued)

- Audit requirements

- Procurement processes

- Procedures for Prevention of Duplication of Benefits

- Procedures to Determine Timely Expenditures

- Procedures to Maintain a Comprehensive Website

- Procedures to Detect Fraud, Waste and Abuse

Management or Implementation Plan

- Allows HUD to assess grantee risk and management capacity

- May lead to special grant conditions if HUD has capacity concerns

- Plan must address the following:
  - Communication with applicants (application status, confidentiality, frequency of updates, responsible personnel)
  - Timeline with milestones
  - Coordination with other funding sources
  - Staffing
  - Internal and interagency communication
  - Technical assistance (needs, procurement)

Action Plan Development

Action Plan Development

Prepared by grantee

Assessment of damage:
- Housing
- Infrastructure
- Economic revitalization

Analysis of unmet needs

Plans and budget for investment

Citizen review and input

Sent to HUD for approval

HUD approves

Action plans can be amended to meet changing needs!

Action Plan Development – Cross Cutting Federal Requirements

- Not just about HUD

- Cross cutting regulations
  - Addressed in Action Plan
  - Must comply during implementation

✓ Environmental Review

✓ Flood Insurance

✓ Labor Standards

✓ Section 3

✓ Federal Funding Accountability and Transparency Act

✓ Procurement

✓ Lead Based Paint

✓ Fair Housing

✓ Relocation & Acquisition

✓ Accessibility

✓ Equal Opportunity

Action Plan Development – Waivers

- Include any new waivers with (or before) Action Plan submission
  - Waivers of statute or regulation permitted
  - Show 'Good cause'
  - Consistent with HCD Act
  - Cannot conflict with or waive:
    - Discrimination
    - Fair Housing
    - Environmental Review
    - Labor Standards
- Waivers granted by HUD published in the Federal Register each quarter

Action Plan Checklist

- Impact and unmet needs assessment

- Connection between needs and allocation of funds

- Specific projects and activities
  - Basis for allocation
  - Mitigation
  - Implementation

- Citizen participation

- Grant management and budget provisions

- All grantees must certify that they will affirmatively further fair housing- an Analysis of Impediments to Fair Housing Choice (AI) must be conducted if not current

Action Plan - Housing

- Grantees receiving allocations for the 2018 and 2019 disasters must primarily consider and address unmet housing recovery needs
- Funds may be used for economic development and infrastructure unrelated to unmet housing needs if the grantee can demonstrate in the needs assessment that:
  - There is no unmet housing need
  - The remaining housing need will be addressed with other sources of funds
- The Action Plan must also address:
  - Housing for vulnerable populations
  - How grantee will minimize displacement
  - Cost reasonable assessment of housing rehab versus buyout or infrastructure
  - Planning & coordination
  - Elevation
  - CDBG-DR Housing Assistance and FEMA's Permanent and Semi-Permanent Housing Programs

Action Plan - Infrastructure

- Grantees receiving allocations for disaster events occurring in 2018 and after, as well as earlier grantees who received a supplemental infrastructure in the January 27, 2020 Federal Register notice, are subject to additional infrastructure requirements

- Grantees must address long-term recovery and hazard mitigation planning in their action plan or substantial amendment
  - Promote sound, sustainable long-term recovery planning informed by post-disaster evaluation of hazard risk
  - Adhere to the elevation requirements in the FR notice
  - Coordinate with local and regional planning efforts to ensure consistency

Action Plan – Infrastructure – Additional Allocation

- For 2017 grantees receiving supplemental infrastructure allocations in the January 27, 2020 notice the following additional requirements apply:
  - Describe how mitigation measures will be integrated into rebuilding activities to reduce future risk
  - Describe how activities will be informed by cost/benefit analysis
  - Describe how the grantee will ensure infrastructure activities avoid a disproportionate impact on vulnerable populations
  - Describe of the grantee will align investments with other planned state or local capital improvements and infrastructure development efforts
  - Describe how the grantee will employ adaptable and reliable technologies to guard against premature obsolescence of infrastructure.

Substantial Amendment Checklist

- General Action Plan requirements
  - Needs assessment
  - Connection between needs and allocation of funds
- Project and activities
  - Description
  - Basis for allocation
  - Unmet needs not yet addressed
- Location of activities
- Citizen participation

Operational First Steps & Critical Decisions

Operational Functions

- HUD has identified operational functions that grantees must implement to carry out a successful CDBG-DR program.
  - Grants management
  - Program operations
  - Policy development
  - Procurement and contract management
  - Data systems and reporting
  - Training
  - Compliance and monitoring
  - Human resources
  - Communications and outreach

Self Assess...

- ✓ Do we have these functions in place?
- ✓ Do we have sufficient staff and leadership?
- ✓ Do we have the various systems needed?
- ✓ How will we ensure these functions are put into place & implemented over the long term?

Operational First Steps

- There are many components that must be considered to launch your CDBG-DR or MIT programs including:

  - Deciding on program management (operational functions)
  - Designing programs
  - Determining program implementation models
  - Ensuring compliance with LMI requirements
  - Managing the data and finances of your grant
  - Understanding requirements pertaining to procurement, contracting & costs

Operational First Steps – Program Management

- Program Management
  - Successful program implementation requires:
    - Increasing staff size (through new hires or staff augmentation)
    - Cultivating new partnerships with other agencies, subrecipients and contractors
  - Making decisions on implementation models that will be used for each program
    - More on this in a few minutes
  - Be sure to track all costs and time spent on CDBG-DR activities including operations pre-award
  - Consider needs for expanded office/facilities space including locations in MID areas

Operational First Steps – Program Design Considerations

- Keep your programs as simple as possible

- Don't create programs that are overly complex or depend on many entities for successful implementation

- Be aware of DR specific requirements

  - Most Impacted and Distressed (MID)

  - Duplication of benefits (DOB)

  - Tie back to the disaster

  - Activity eligibility and national objectives

Operational First Steps – Program Examples

Housing

- *Rehab or replacement of storm-damaged properties*
- *Landlord repair programs*
- *Housing buyouts*
- *LIHTC "gap" programs*

Infrastructure

- *Restoration of infrastructure*
- *Non-federal cost share (FEMA match*

Economic revitalization

- *Small business grant & loan programs*
- *Commercial corridor revitalization*
- *Tourism marketing (with waiver)*

Public Services

- *Workforce training*
- *Small business support*
- *Tenant based rental assistance*

Planning – Capped at 15% of total grant
- *Citizens Participation Plan*
- *Hazard Mitigation Planning*

Program Administration - Capped at 5% of total grant

Operational First Steps – Meeting LMI Requirements

- Have a plan to meet CDBG-DR's LMI benefit requirement

- LMI targeting is determined, documented, and reported via the National Objective used to qualify each project

- Project, and then monitor, expenditures for each program to ensure you will meet overall LMI benefit target

Benefit to low- and moderate-income (LMI) persons

Aid in the prevention or elimination of slums or blight

Meet a need having a particular urgency (referred to as urgent need)
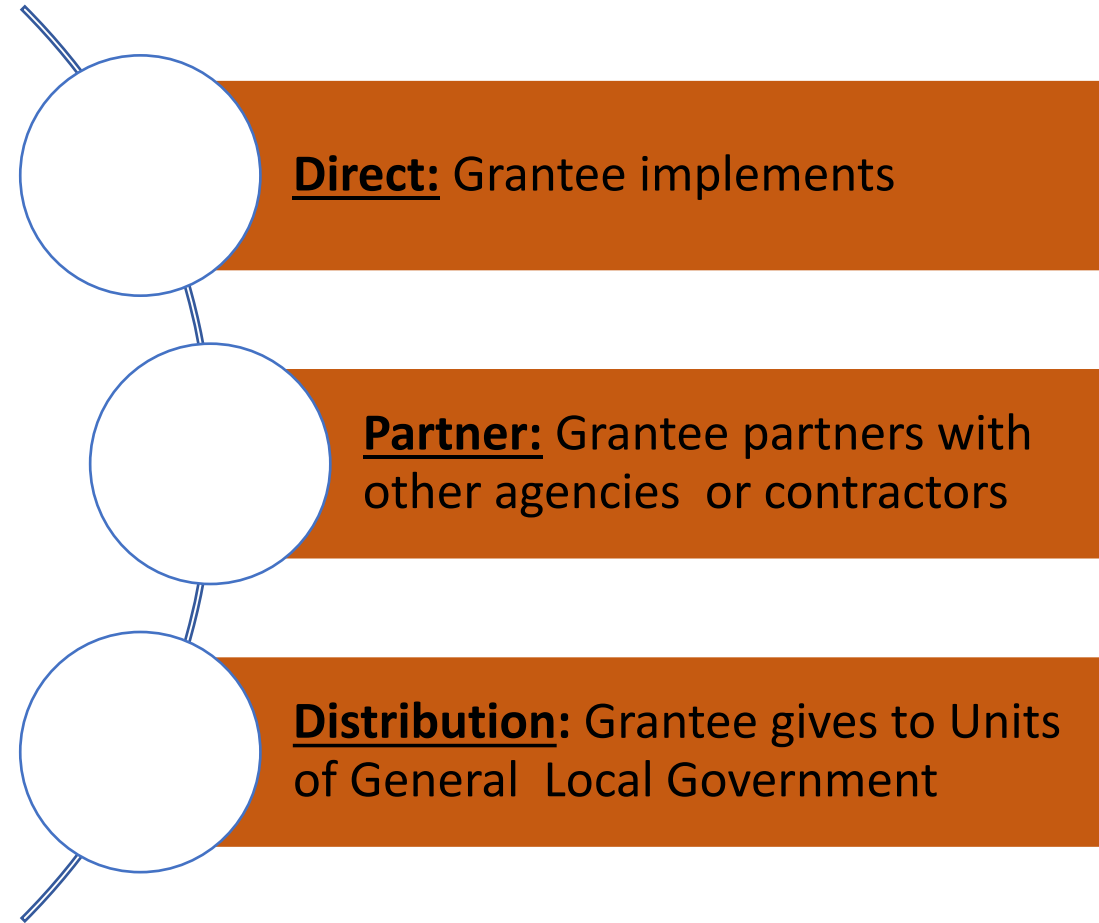
Poll Question # 2

How are you currently running your program?

A. Directly running your programs

B. Partnering with other subrecipients

C. Giving funding to units of local government to implement programs

D. Using a combination of models

Operational First Steps – Implementation Models

- Three basic models
- Most grantees use more than one
  - Decision should be based on capacity of implementing entity, complexity of program/project, operational efficiencies
- Detailed policies, procedures & process flows needed for any model

Direct: Grantee implements

Partner: Grantee partners with other agencies or contractors

Distribution: Grantee gives to Units of General Local Government

Operational First Steps – Financial & Grants Management

- Prepare to expand operations and systems!

- Assess your business processes, IT systems, staff capabilities and institutional infrastructure

- Determine needs for financial and grants management; other technology and equipment needs; areas for improvement and augmentation

- Execute data sharing agreements and start collecting data

Operational First Steps – Allocating Costs

Grant Administrative Costs (GACs)	Costs that Grantee must incur to administer or manage CDGG-DR grant (monitoring, training, financial management, reporting)
Activity Delivery Costs (ADCs)	Costs incurred by grantees or subrecipients to facilitate the development of specific projects or programs
Activity Costs	Actual costs to acquire, rehabilitate or construct project or provide assistance

Operational First Steps – Procurement

- Grantees must demonstrate that their processes promote "full and open competition" and include a price or cost analysis in advance of each procurement

- State grantees have three options:
  - Adopt 2 CFR 200.318 through 200.326 for itself and its subrecipients
  - Follow its own procurement requirements and establish requirements for subrecipients (including full and open competition and a cost or price analysis in both cases), in accordance with 24 CFR 570.489(g)
  - Adopt 2 CFR 200.317, meaning that it will follow its own State procurement policies (including a cost or price analysis), but impose 2 CFR 200.318 through 200.326 on its subrecipients

Operational First Steps – Cost Considerations

- Additional considerations for contracted professional services:
    - Professional Service Costs (2 CFR 200.459)
    - Determining allowability of costs:
        - Are the services needed?
        - Could the grantee have done the services in-house?
        - Is it cost effective to contract vs. in-house with existing or additional staff?
        - Is the contractor qualified?
        - Are the costs appropriate for the services being provided?
        - Is the contract adequate?
        - Is the contract form appropriate for the service (fixed or unit price, time & materials)

Operational First Steps – Contract Requirements

At a minimum, contracts must include:

Description of services to be provided

Additional Contract Considerations:

- **Fixed Fee Contracts:**
  - List & description of specific deliverables
  - Frequency/due date for each deliverable

- **Time/Material Contracts:**
  - List of staff/positions who will perform each task
  - Estimated time to perform the task
  - Hourly rate of each employee
  - Other costs that may be added

Operational First Steps – Documentation

Contractor invoices must include the following (at minimum):

Fixed Fee Contracts:

- Description of each task

- Calculation of costs due:
    - Unit cost X Number of Units = Extended Cost; OR
    - % of Task Completed (based on progress/benchmarks)

- Documentation to support each "deliverable"
    - *NOTE: Tasks/Deliverables must be well defined.*

- Any other documentation that may have been required

Time/Material Contracts:

- Amount billed for each task

- Staff Name X Number of Hours = Extended Costs

- Timesheets for contractor staff

- Itemized list of any additional costs (with supporting documents)

- Any other documentation that may have been required under the conditions of the contract

Initial DRGR Set Up

- DRGR User Accounts
  - Work with CPD Rep to create DRGR Grantee Administrator user accounts
  - Grantee Administrators must request all other user accounts in DRGR

- After Action Plan approval
  - Execute grant agreement and establish LOCCS banking
  - Complete and submit DRGR Action Plan for approval
    - Must be substantially similar to published action plan
    - At minimum, DRGR Project budgets must sum to grant award
    - Drawdowns occur at the DRGR activity level (e.g. housing, infrastructure, public service)

- Submit first drawdown
  - Confirm receipt of funds from LOCCS into local account
  - Likely to be for pre-award costs incurred

Q & A and Resources

Kelly Price, ICF

Resources

- **HUD Exchange CDBG-DR page:**
  https://www.hudexchange.info/programs/cdbg-dr/

- **HUD Exchange CDBG-MIT page:**
  https://www.hudexchange.info/programs/cdbg-mit/

- **CDBG-DR Program Launch Toolkit:**
  https://www.hudexchange.info/programs/cdbg-dr/toolkits/program-launch/

- **Disaster Impact Needs Assessment Kit:**
  https://files.hudexchange.info/resources/documents/Disaster_Recovery_Disaster_Impact_Needs_Assessment_Kit.pdf

- **CDBG-DR Laws, Regulations, and Federal Register Notices:**
  https://www.hudexchange.info/programs/cdbg-dr/cdbg-dr-laws-regulations-and-federal-register-notices/

Thank you!

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