

Program Logistics and Norms

- The program will begin shortly
- Please turn on your video
- Your microphone will be muted when you join.
- Please format your name to “First Name - City”
- Please use the chat box to say hello to us and your peers! Please also use this space to ask any questions outside of small groups or dedicated Q&A time.



Local Infrastructure Hub: Module 3: Demystifying Capital Stacks and Budgeting

October 20, 2022

Your hosts today



Kelly Caspary, Haggerty

- Senior Managing Associate with Haggerty Consulting; supporting this bootcamp as a Technical Advisor with experience in hazard mitigation, response operations, and long-term recovery efforts.
- Specialize in FEMA's FMA, HMGP, and PDM grant programs.
- Additional experience in the development and implementation of organizational safety programs supporting local jurisdictions with the Complex Coordinated Terrorist Attack (CCTA) program.
- Bachelor of Science in Government: National Security and Strategic Intelligence



Andrea Goldwater, LIH Facilitator

- Corporate Trainer, Intrepa, Inc.
- IT Consultant, 21st Century Academy
- Assistant Director, Office of Charter Schools Ball State University
- Director of Operations, K12 Inc.
- Director of Operations and Americorps Program, PLA

Where we are and where we're going

Pre Development



Setting the Table & Engaging the Community

Participants will learn to develop an asset map and draft effective community engagement & advocacy strategies

Incorporating Data & Fed. Administration Priorities



Demystifying Capital Stacks and Budgeting

Writing a Strong Narrative & Packaging Submission



Post Submission: Long Term Capacity Building



Sept 12 - 16

Sept 19 - 30

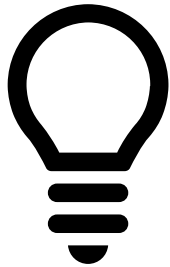
Oct 3 - 14

Oct. 17 - 28

Oct. 31 - Nov. 11

Nov. 14 - 25

FMA Updates



Grant Updates: FEMA released an [alternative cost-effectiveness methodology](#), summarized below:

- 📍 **Lower Cost-Benefit Threshold:** There is a lower Benefit-Cost Analysis ratio for many types of projects: these projects will now be considered cost effective if they have a ratio of 0.75 or greater when calculated with a 7% discount rate, and 1.0 or greater when calculated with a 3% discount rate. These revised ratios are applicable to mitigation activities which benefit disadvantaged communities, address climate change impacts, have hard to quantify benefits, and/or are subject to higher costs due to the use of low carbon building materials or compliance with the Federal Flood Risk Management Standard
- 📍 Please refer to the linked government site for full information.

Expected learning outcomes for this module

Upon successful completion of this module, city teams will be able to:

- ✓ Understand the fundamentals of capital stacks with respect to eligibility for federal funding, including knowing possible local match requirements or limitations and allowable uses.
- ✓ Apply this toward developing a draft project budget for their application, with matching sources and potential new sources of funding.

Q&A

Answer the following questions on the Zoom poll.

1. Are you planning on submitting your application this year, or in 2023?
2. Which Hazard are you primarily focused on? (select only one)
 - Flood / winter storm (hurricane or coastal flooding)
 - Flood / winter storm (drainage)
 - Flood / winter storm (stormwater)
 - Drought
 - Mudslide / landslide
 - Seismic
 - Wildfire
 - Power loss
 - Multi-hazard
 - Tsunami

3. Which types of project(s) are you planning? (select any that apply)
 - Flood control
 - Acquisition / demo
 - Mitigation reconstruction
 - Elevation
 - Erosion control
 - Infrastructure relocation
 - Tsunami vertical evacuation tower
 - Stormwater management
 - Floodproofing (dry)
 - Aquifer storage and recovery (recharge)
 - Structural retrofit
 - Ignition resistant construction
 - Defensible space
 - Hazardous fuel reduction
 - Backup power (generator / microgrid)



Completing the Budget Section of the Application

What is Needed to Complete the Budget Section?



**Scope of Work
(SOW)**



**Project
schedule/
Gantt Chart**



**Determination
of a phased or
shovel ready
project**



**Required non-
federal share
(local match)**



**Individual
project costs
(line items)**



**Credible
methodology
for estimating
the costs**

Scope – Schedule – Budget

Need *scope* (deliverables) and *schedule* (tasks) to develop the budget and budget narrative:

Scope

- Describe the need for the proposed project
- Cite past event and damage history
- Explain how the proposed project will mitigate such damages and losses in the future

A complete *Scope of Work* should answer any potential questions that a person who is completely unfamiliar with the problem might have such as:

- Who?
- What?
- Where?
- When?
- Why?

Schedule

- The work schedule for the proposed mitigation activity by defining tasks and their proposed durations

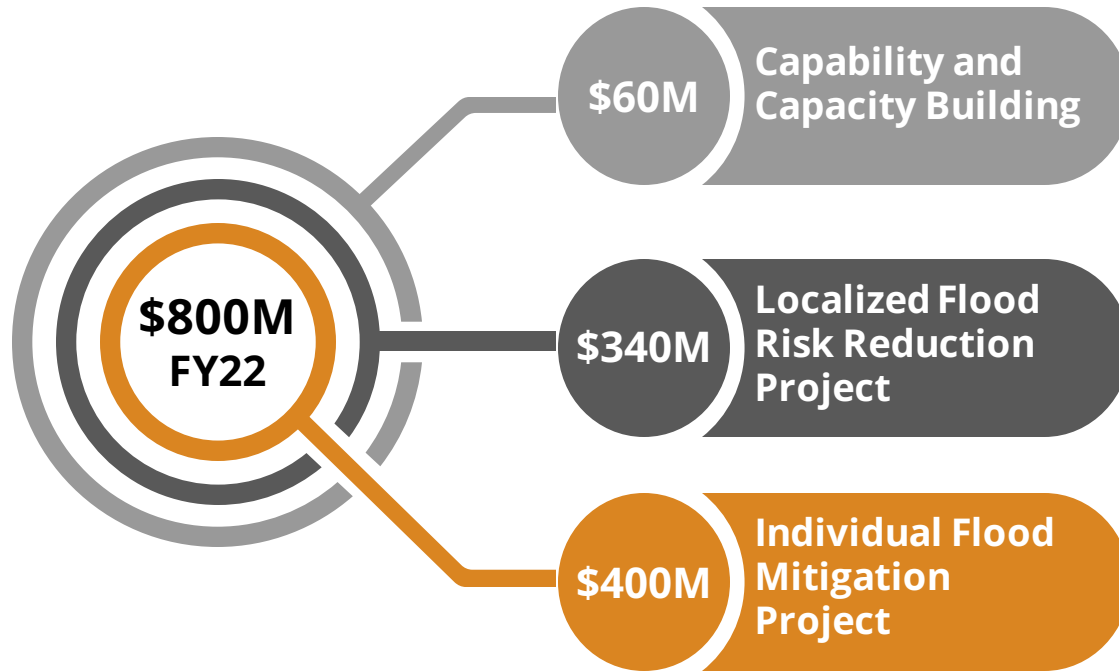
A complete *schedule* should supply an estimate of the:

- Start date
- End date
- Total duration of the entire mitigation activity

The scope – schedule – budget must align

FMA FY 2022 Funding

For FY 2022, FEMA will distribute approximately \$800 million throughout the FMA grant program:



For Capability and Capacity Building Activities (\$60M):

- Multi-hazard mitigation plans - \$100,000 cap
- Technical Assistance to States - \$50,000 cap
- Project Scoping activities - \$90,000 cap
- Local floodplain management and Severe Repetitive Loss/Repetitive Loss strategy - \$300,000 cap

All projects must be eligible, feasible, and cost effective

Localized Flood Risk Reduction vs. Individual Flood Mitigation

Localized Flood Risk Reduction

Localized Flood Risk Reduction (aka. Community Flood Mitigation) projects are capped at \$50M with a 25% non-federal cost share and address community-wide flood control issues on a large scale which in turn benefits the National Flood Insurance Program

- Private non-profits and individuals are not eligible as a subapplicant

Individual Flood Mitigation

Individual Flood Mitigation projects include opportunities for elevation, dry flood proofing, mitigation reconstruction, and acquisition projects for NFIP insured properties

- Private non-profits and individuals are not eligible as a subapplicant

Phased vs. Shovel Ready Project

- Need to know if the project is phased or shovel ready
- Phasing needs to be noted in the Scope of Work section in FEMA GO
- Phase if:
 - The project is not at 60% design development
 - State and/or local Environmental & Historic Preservation (EHP) is not complete
 - All sites are not identified, and/or
 - The homeowner outreach is not completed

Potential Phase I Deliverables and Tasks

- ✓ Procurement
- ✓ Geotech/Survey work
- ✓ H and H and studies
- ✓ Site selection
- ✓ Design (30/60/90/100%)
- ✓ EHP
- ✓ Easement planning
- ✓ Community outreach or homeowner engagement

- ✓ Updated Benefit Cost Analysis
- ✓ Project management
- ✓ Permitting
- ✓ Phase I deliverables submission
- ✓ Grant management (Management Costs)

Potential Phase II Deliverables and Tasks

- ✓ Procurement/RFP development
- ✓ Final design/Construction documents
- ✓ Easements/Land purchase
- ✓ Project Management
- ✓ Construction Management
- ✓ Mobilization

- ✓ Construction
 - ✓ Earthwork
 - ✓ Excavation
 - ✓ Installation
 - ✓ Clear and Grub
 - ✓ Etc.
- ✓ Project closeout
- ✓ Grant closeout
- ✓ Grant management (Management Costs)

Q&A

Answer the following questions on the Zoom poll.

1. How far along are you with developing your budget?

- Haven't started
- Just getting started
- Almost done
- Finished, awaiting local government approval
- Finished and approved by local government
- Other:

2. Which of the following budget inputs have you already developed? (select all that apply):

- Scope of Work
- Project Schedule
- Determination of "phased" or "shovel ready" project
- Required non-federal match
- Individual project costs (line items)
- Methodology for estimating cost

3. Is your project "phased" or "shovel ready"?

- Phased
- Shovel ready
- I don't know

4. Are you planning on submitting your application this year or next year?

- This year
- Next year
- I don't know

Budget Basics

Municipalities should focus on strategic and operational considerations during *financial* and *budget* planning:

Financial Planning

- Determine how grant-funded programs and/or investments will be sustained after the grant is fully expended
- Determine if there will be any capital or operating costs that cannot be funded by the grant; determine how those costs will be funded to avoid creating unfunded liabilities

Budget Planning

- Develop a process to strategically plan for grant funding that aligns with city or departmental goals and objectives
- Integrate grant planning with annual budget planning
- Work with your finance/budget office to ensure you budget for and reserve the local match
- Work with your finance/budget office to ensure you have funds to support the project as the FMA grant is reimbursement based.

Budget Basics (con't)

Operational Considerations

- Costs should be necessary, reasonable, and allocable
- Make sure estimates are based on analysis, studies, or other factual sources
- Budget format should be clear and concise
- Budget should justify all expenses and be consistent with the budget narrative - do not include costs in the narrative that are not clearly identified in the budget
- If new staff are being hired, ensure their salaries are consistent with others in your municipality and consider any axillary costs from hiring new staff (space, office requirement, etc.)
- If you are including a Negotiated Indirect Cost Rate (NICRA), ensure the agreement is up-to-date by working with your cognizant agency

Budget Basics (con't)

Other Considerations

- Build a budget by adding cost items, which will eventually comprise the total cost for the mitigation activity
- Need proposed federal share, proposed non-federal share, and the total project cost
 - **Important Note:** Each line item is not required to be broken down by funding source
- Round to the nearest whole dollar
- No lump sums
- No line item should be more than 10% of total budget
- Utilize management costs (all federal share, 5% of total project costs)

Budget Information

What is needed to complete the budget in FEMA GO:

- Description
- Quantity
- Unit of measure
- Unit price
- Unit total
- Cost category
- Pre-award (yes/no)
- Project phase (1, 2, N/A), if project is phased

Pre-award costs directly related to developing the FMA grant application or subapplication that are incurred prior to the date of the grant award are allowed subject to FEMA approval at time of award.



All vendors involved must be procured in line with 2 CFR 200 along with State and local requirements. The most stringent applies.



Pre-award budget breakdown should identify personnel title, hourly rate, number of estimated hours, description of tasks or responsibilities, and a total per line and full total. Only actual expenditures may be reimbursed.

FEMA GO Estimate Template

	A	B	C	D	E	F	G	H	
1	Budget Type: Construction								
2	<p>Cost estimate is the line item(s) budget to support the scope of work for the execution and completion of the project. Be sure to include the cost associated with revisions/formal adoption. To add a line item, Please click on the Add an item button. Click anywhere within each row or the arrow to edit or delete the line item(s). All line items MUST have a selection for each column.</p>								
3	Name of Cost Item	Cost Categories	Quantity	Unit of Measure	Unit Price	Unit Total	Pre-Award	Project Phase	
4			0		0	0			
5			0		0	0			
6			0		0	0			
7			0		0	0			
8			0		0	0			
9			0		0	0			
10			0		0	0			
11			0		0	0			
12			0		0	0			
13			0		0	0			
14			0		0	0			
15			0		0	0			
16			0		0	0			
17	TOTAL						0		
18									
19									
20									
21									
22									
23									

Mapping Cost Categories

Cost items must be “bucketed” into these categories in FEMA GO:

- Administrative and legal expenses
- Architectural and engineering fees
- Construction
- Contingencies
- Demolition and removal
- Equipment rental
- Equipment purchase
- Land, structures, rights-of-way, appraisals, etc.
- Miscellaneous
- Other architectural and engineering fees
- Project inspection fees
- Relocation expenses and payments
- Site work



Contingency:

An allowance in the total cost estimate to cover situations that cannot be fully defined at the time the cost estimate is prepared, but that will likely result in additional eligible costs - 5% maximum (7% for historic structures)

Budget Cost Categories

▼

Item: \$0

[Delete this item](#)

Select

- Administrative and legal expenses
- Architectural and engineering fees
- Construction
- Contingencies
- Demolition and removal
- Equipment rental
- Equipment purchase
- Land, structures, rights-of-way, appraisals, etc.
- Miscellaneous
- Other architectural and engineering fees
- Project inspection fees
- Relocation expenses and payments
- Site work

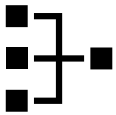
Select ▼

	Unit price		Unit total
<input type="text"/>	<input type="text" value="\$"/>		\$0.00

Pre-award **Project phase**

Budget Narrative

What you should include in a budget narrative:



Source of methodology of each budget item. Previously implemented projects, quotes, PE estimates, and recognized estimating software can be used as a source.

Description of products or deliverables to be produced.

Description on how the quantity was calculated.

Source of the unit costs.

If using personnel costs, how was the rate calculated? Who will perform the work (e.g., contractor, consultant, in house personnel)?

While developing your project's budget, rely on professionals who are qualified and who can provide credible estimates.

For example, **consult with local engineers, gather multiple quotes and refer to costs used to complete similar completed projects, use RSMeans, and historical data or other research** to develop the most accurate cost estimate.

These documents will be compiled as supporting documentation to provide justification for the outlined expenses and will be attached in FEMA GO under the Cost Estimate tab.

Management Costs

Management costs are intended to cover costs associated with the administrative duties of managing the grant

- i.e. Drafting and submitting quarterly reports,
- Submitting requests for reimbursement,
- Grant closeout

Once budget is finalized, then add management costs

- Grant administration



Management Cost budget breakdown which identifies personnel title, hourly rate, number of estimated hours, description of tasks or responsibilities, and a total per line and full total. **The rates should include fringe for internal staff.**

Management Cost Items

▼

Item: Other \$0

[✕ Delete this item](#)

Item

Other ▼

- Travel
- Supplies
- Salaries
- Equipment
- Office Space Rental
- Other**

Budget class **Pre-award** **Project phase**

Select ▼ Select ▼

Required Non-Federal Cost Share

- Need source and amount
- Potential for overmatching to be more competitive
- Eligible sources for non-federal share
- For FEMA GO:
 - Name, description, or explanation of funding source (Cash or in kind are examples)
 - Name of source agency
 - Funding amount
 - Funding type (cash, labor, other)
 - Date of availability (mm/dd/yyyy)
 - Fund commitment letter date (mm/dd/yyyy)



FMA - Severe Repetitive Loss properties: 100% federal share

- Repetitive Loss properties: 90% federal share, 10% non-federal share
- Non-RL/SRL properties: 75% federal share, 25% non-federal share

FEMA will pay up to 90% federal share for disadvantaged communities where the average CDC Socially Vulnerable Index score is not less than 0.5 for the project benefitting area

Sources for Non-Federal Cost Share

Make a Chart



Cash

Can be from property owner, local or State government, or other donation. It's simple and ready to use.



In kind

Staff time



Donated resources

Professional services, labor, or materials may be donated by individuals or businesses.



CDBG-DR or MIT

Lose their Federal identify once allocated. Applicant must ensure funds are eligible to be used as cost share.



Gov't Loans

Loans, such as SBA or USDA may be available. Applicants must ensure there is no Duplication of Benefits.



ICC funds

Property owner may be eligible for up to \$30K from NFIP for eligible flood mitigation activities.

Under the American Rescue Plan Act (ARPA), municipalities can use their Coronavirus Local Fiscal Recovery Funds (CLFRF) as the Nonfederal Match for FMA. To do so, municipalities must allocate the local match under **CLFRF revenue loss**.

- When determining a municipality's revenue loss amount, municipalities can either take a standard allowance of up to \$10 million or conduct the revenue loss calculation as stated in U.S. Treasury's Final Rule.
- For municipalities that received \$10 million or less in CLFRF, that means their entire CLFRF amount can be allocated under revenue loss.

Best Practices



Budget Narrative

Level of detail and methodology for budget narrative/budget

It is a best practice to attach a cost estimate narrative document. This document will provide more space to explain all costs and include information regarding how costs were estimated, who specifically (by title) will be performing each tasks, their fully loaded rate (when using force account labor/internal staff), what each budget line item is inclusive of, and what the final deliverable of each budget line item will be.



Match Commitment Letter

Reimbursement based program

Need date for:

- Date of availability (mm/dd/yyyy)
- Fund commitment letter date (mm/dd/yyyy)

The match commitment letter must be signed by the individual that has financial authority to commit funds for your entity

Budget Narrative Template

The Budget Narrative

Pre-Award Costs

All staff/consultant time must identify the position, description of tasks, hours worked, rate per hour, and the total. If a consultant is completing work, the executed contract and procurement documentation must be included.

Project Budget Costs

Provide a detailed narrative for all remaining costs associated with the subapplication outside of "Pre-Award". Post Award costs should correspond to the individual line items in the project cost estimate including title and cost category. If the subapplication is a phased project, this section will be divided into Phase I and Phase II.

Examples Include:

- **Phase I: Project Management**

Costs include staff/consultant time to manage the overall project. Activities can include but are not limited to: project coordination, review of technical deliverables, scheduling, meetings, outreach, and overall management.

- **Phase I: Engineering Design**

Engineering Design services must be consistent with historical data, estimated effort, project size, and based on industry standard rates. These services will produce detailed design, plans, and specifications for the construction projects. The work must be completed by credible and qualified civil, geotechnical, and hydraulic engineering professionals. The rates provided in the cost estimate should be as close to a finalized budget as possible because it is unlikely for projects to receive additional funding due to a cost overrun.

Match Letter Commitment Template

Match Commitment Letter Template

NAME STATE AGENCY DEPARTMENT HEAD

NAME OF STATE AGENCY

STREET ADDRESS

CITY, STATE, ZIP CODE

RE: **[SUBAPPLICANT] [TITLE OF PROJECT] [INSERT DATE]** - Non-Federal Cost Share (Local Match)
Funds Commitment Letter

Dear **[Mr./Ms. SURNAME OF STATE AGENCY DEPARTMENT HEAD]**,

This letter is in reference to **[SUBAPPLICANT'S NAME OF FUNDING PROGRAM]** application that is administered by **[NAME OF STATE AGENCY]** and funded by the Federal Emergency Management Agency (FEMA). The **[SUBAPPLICANT]** certifies that we have the capability to meet the financial obligations of the local cost share under this **[NAME OF PROJECT TYPE]** project. The **[INSERT PROJECT TITLE/TYPE]** has an established Non-Federal Cost share; however, **[SUBAPPLICANT]** acknowledges that there may be unforeseen costs. If applicable, the additional funding contributing to the Non-Federal cost share will be **[IDENTIFY HOW THE LOCAL COST SHARE WILL BE MET]**.

The submitted project has a Federal Cost share of **[\$00,000.00 – INSERT FEDERAL COST SHARE IDENTIFIED IN THE BUDGET]** and a Non-Federal Cost Share of **[\$00,000.00 – INSERT NON-FEDERAL COST SHARE IDENTIFIED IN THE BUDGET]**.

These funds are available **[INSERT DATE WHEN MATCH FUNDS BECOME AVAILABLE (MM/DD/YYYY)]**.

Sincerely,

[SIGNATURE]

[TITLE]

[SUBAPPLICANT]

[STREET ADDRESS]

[CITY, STATE, ZIP CODE]

Other Information for FEMA GO

- Does the project generate program income?
- Is the community applying an EDRC or is the subapplicant applying on behalf of an EDRC?
 - 10%, overmatch at 12%, need letter from EDRC if subapplicant is applying on behalf of an EDRC
- Additional comments can be added in FEMA GO
- Attachments can be included:
 - Match commitment letter
 - Budget narrative
 - A more detailed cost estimate can be added as well
 - Supporting documentation as cost estimate justification



Breakout Groups

Breakout Groups

Locate the templates in Canvas in your course readings to follow along

In breakouts with your teams, you will spend 20 minutes receiving an overview of the following documents to assist in completing a budget for your FMA Grant Proposal.

10 minutes: Overview of FEMA Go

5 minutes: Overview of the Match Commitment Letter

5 minutes: Overview of the Budget Narrative

Breakout Groups: Find Your Room

Group A: If you were invited to Module 0 **or** represent a city with less than 10,000 residents

Room 1

Connecticut	New Hampshire
Delaware	New Jersey
Florida	New York
Georgia	Pennsylvania
Maine	Virginia
Maryland	

Room 2

Alabama	Nebraska
Arizona	New Mexico
Arkansas	Oregon
Colorado	Texas
Iowa	Washington
Kansas	
Mississippi	

Group B: If you were **NOT** invited to Module 0 **or** represent a city with more than 10,000 residents

Room 3

Alaska	Nebraska
Arkansas	New Mexico
Iowa	Texas
Kentucky	Wisconsin
Louisiana	

Room 4

Connecticut	Puerto Rico
Florida	Virginia
Michigan	West Virginia
New Jersey	
Ohio	

Q&A

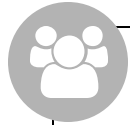
Answer the following questions on the Zoom poll.

- Did this session help you decide where you need to focus on developing your budget? (Y/N)
- Which elements of the budgeting process do you need the most help with?
 - Scope of Work
 - Project Schedule
 - Determination of “phased” or “shovel ready” project
 - Required non-federal match
 - Individual project costs (line items)
 - Methodology for estimating costs
- What is one topic that you would like to review further?



Coaching and Office Hours

To deepen learning on this subject, Coaching, Office Hours, and Toolkits for this grant are available to all cities in the program



Peer Learning

*Interactive sessions featuring **subject matter experts** on the policy and grant approach; followed by smaller **cohort sessions*** for peer discussions*



Coaching

Smaller, cohort-based sessions to continue to build on **specific application questions** identified in the peer learning session



Office Hours

Support in the form of **designated time slots** with content experts to address specific questions



Tools and Templates

The following resources can help **strengthen core components** of your grant application

Support During this Bootcamp

You have multiple resources you can reach out to for support during this Program.

Navigator



Bootcamp Facilitator



Questions for Navigators can be raised in **onboarding sessions or bi-monthly check-ins** and/or **via email or phone**. The following are types of questions that can be raised with Navigators:

- A city has an **administrative question** about the bootcamp including questions regarding:
 - Timelines
 - Attendance
 - Participation expectations, and/or
 - Future program offerings
 - Certificates

You should have received initial registration emails from your assigned Navigator (either bootcampnavigator1@nlc.org or bootcampnavigator2@nlc.org)

Questions for bootcamp facilitators should be raised during **office hours**. The following are types of questions that could be raised in this setting:

- A city has a question about **content covered** in that week's peer learning or coaching sessions
- A city has a **technical question** about their grant application
- A city has a question about the **Canvas course**

We recommend that cities **hold questions** until the subject is covered in a relevant module. Many questions may be addressed in the learning sessions. Additionally, by holding the question, this ensures that cities will have **access to the appropriate subject matter expert** in office hours. Should a question fall **outside the scope of the curriculum**, cities may raise the question with bootcamp facilitators via email at FMAbootcamp@nlc.org.

Coaching and Office Hours help build forward from the peer learning session



Coaching

Smaller sessions to work on **specific application questions** as peers

Who will you engage with?

Jo- Anne Henry, Jim Brooks, Mike Bartlett, Nancy Lim, Anthony Santiago, Patrick Hain, Denise Belser, Lauren Lowery, Jenn Steinfeld, Lauren Boswell - *National League of Cities*

How will you engage?

Coaching sessions will be held on **October 25th from 1:00-2:00pm EST**
You will receive a separate calendar invite for the coaching session.



Office Hours

Support in the form of **designated time slots** with content experts to address specific questions

Who will you engage with?

Carolyn Berndt and Yucel Ors - *National League of Cities*

How will you engage?

Participants will be able to **register for office hours** through Canvas. Reserved time slots will be **15-minutes in length**, but may be extended pending availability and demand. Office hours will be offered on **October 27 from TBD**.



Tools and Templates



Tools & Templates for Module 3: Demystifying Capital Stacks and Budgeting

The following resources can help **strengthen core components** of your grant application

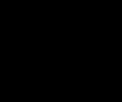
- FEMA Go Template
- [Match commitment letter template](#)
- Budget narrative template

Thank you!

For questions, please contact your navigator, the office hours and/or coaching lead, or email FMABootcamp@nlc.org

For general information, please visit www.localinfrastructurehub.org





WITH SUPPORT FROM:



THE UNITED STATES
CONFERENCE OF MAYORS

