

# Webinar: Disaster Recovery Enhancement Funds (DREF)

Florida Department of  
Community Affairs

Disaster Recovery Initiative

May 26, 2011

# Webinar Participants

- Jackie Dupree, Administrator
- DRI Team
  - Cassi Beebe
  - Melanie Alexander
  - Adriane Burgess
  - Carlos Collins
  - Aurilla Parrish
- Sean Lewis
- Mark A. Nixon
- Judy Peacock

# Overview

Judy Peacock

# Overview

- DREF is a supplemental allocation to address 2008 weather events (Fay, Gustav and Ike)
- New contracts will be awarded
- Application deadline date is June 27, 2011
- Contracts to be awarded starting July 1, 2011

# Federal Register

- Federal Register Volume 74, Number 156, dated August 14, 2009
  - Contains useful information about HUD requirements
  - Authorized approximately \$81 million for disaster recovery in Florida
    - Florida was awarded an additional \$26,894,183 million in DREF

# Action Plan

- 2008 Action Plan was amended to incorporate DREF
  - An important reference document
- Allocations are based on FEMA damages for each local government and original award
- Percentage of total damage for each local government was applied to the DREF award
  - Methodology is in Action Plan
- 33 local governments will receive funds

# High Performing Communities

- Alachua County
  - Awarded on June 16, 2010
  - Activities (3)
    - Single-family housing rehab
    - Multi-family housing rehab
    - Flood and drainage
  - Reporting is on time and complete
  - Current expenditure rate (13.2%)

# High Performing Communities

- Calhoun County
  - Awarded on May 20, 2010
  - Activity (1)
    - Street improvements
  - Reporting is on time and complete
  - Current expenditure rate (28%)



# Performance Goals

- Keep activity work plan up-to-date
  - Follow it carefully
  - Submit amendment when a change is needed
- As soon as you are aware of budget change, submit amendment
- Complete environmental assessment immediately
  - Contact DCA if project/activity changes
- Expend funds in a timely manner
  - If on a reimbursement basis, still need timely draws
- Address project issues with DCA as soon as they arise

# Performance Goals

- Maintain positive working relationship with DCA and subrecipients
  - Monitor subrecipients
  - Give subrecipients guidance
  - Adhere to DCA guidance
    - Failure to adhere to DCA guidance which further causes project delays
    - Contact with HUD field offices instead of DCA

# Rules and Regulations

Judy Peacock

# Rules and Regulations

- Requirements are same as for initial 2008 disaster funding
- Some “waivers” or “alternative compliance” allow for greater flexibility
  - Overall benefit – 50% for low/mod and 50% for slum and blight and urgent need
  - Alternative citizen participation – posting to website
  - Alternative reporting (DRGR)
  - *Waiver of one-for-one replacement of units damaged by disaster*
    - May demolish with no replacement
- Flood Buyouts
  - Pre/post values uniformity

# Rules and Regulations

- No waivers for:
  - National objective
  - Environmental review
  - Civil Rights (nondiscrimination)
  - Fair housing
  - Section 3
  - Labor standards
  - Lead based paint
  - Most URA provisions still apply

# How we got the DREF!

- Identified projects funded with 2008 recovery funds that met the definition of “buyout” or “individual mitigation measures” (IMM).
  - Buyout = floodplain or critical fire or seismic area buyout programs under an optional relocation plan to move families and businesses out of area at risk for future disaster
  - IMM = individual measures to improve residential properties and make them less prone to damage
    - Activities included rehab with hardening
    - Flood and drainage improvements
    - Street elevations

# How we got the DREF!

- The percentage of DREF we received was based on the percentage of the DREF activities funded with the initial allocation (\$68 million)
  - In order to receive the DREF, HUD requires that we have \$68 million in DREF eligible activities at the time of grant closeout
  - Project changes will be closely monitored to ensure that we meet this requirement

# Project Eligibility

- 14% of 2008 allocation must address affordable rental housing
  - We encourage buyouts, rehab and hardening
- As long as we meet our \$68 million requirement, we can use the funds for any CDBG eligible activity (see page 6 of Action Plan)
  - Continuation of projects already funded
  - New projects



# Environmental Review

- Continuation of projects already funded may need update only (supplemental funding)
  - Approval of supplemental assistance for a project previously approved, if the approval is made by the same responsible entity that conducted the environmental review on the original project and re-evaluation of the environmental findings is not required under Sec. 58.47
    - No new activity, no environmental factors discovered, etc.
- New project requires new assessment

# DREF Timeline

Adriane Burgess

# Timeline

- Application Cycle Opens
  - Applications Due
  - Application Review Period
  - Site Visits
  - Contracts Executed
- 05/25/2011
  - 06/27/2011
  - 06/27/2011 - 07/12/2011
  - Beginning 07/2011
  - 07/2011

# DREF Guidelines – is this needed

- Consultation with subrecipient local governments
- National Objective
  - 51% LMI
  - Slum and Blight
  - Urgent Need
- 14% Affordable Rental Housing
  - Applies to entire 2008 allocation
  - Multi-family housing
- No Duplication of Benefits
- Eligible activities
  - Same as initial eligible activities
- Contract
  - See special conditions

# The Application

- Local Government Information
- Preparer
- Other
  - Amount of funding requested
  - Citizen Participation/Public Notice
  - Narrative
  - Budget
  - Activities must be consistent with the Local Comprehensive Plan
  - Service Area and Flood Plain Maps
  - Supporting documents

# The Application

- Project Description Narrative
  - Explanation of prioritization process
  - Explanation of need for CDBG funds
    - Not reimbursable by any other source
    - No duplication of benefit
  - Service area/project description
    - Specify jurisdictions where activities will take place
  - Activities must be disaster related
    - Hardening and mitigation are eligible and do not require storm documentation

# The Application

- Procedures
  - Submit (2) original copies of the application, with original signatures and (1) electronic copy
  - Include an Executive Summary and a Table of Contents
  - Include a project description narrative by project and service area
  - Put the application in a 3-ring binder, with dividers, tabs and labels
  - Applications must be submitted by close of business  
June 27, 2011
- Available online

# The Application

- Intergovernmental Coordination and Review
  - Submit (15) copies to the State Clearing House at DEP
  - Submit (1) copy to your local RPC
  - Contact State Historic Preservation Program if a Housing Unit or Other Improvement is 50+ years old



# Project Expansion or Continuation

- Site visits will be conducted after application review
- No site visits needed IF same areas, same activities
  - LG may continue or expand activities
  - Damages must have occurred under 2008 floods

# Contract and Administrative Expectations

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# Contract Overview

- Critical Source Document
  - Specifies
    - Parties of the agreement
    - Term of the contract (24 Months)
    - Amount
  - Addresses
    - Access to Records
    - Special and program conditions
    - Recordkeeping Requirements
    - Reports
  - Signature Authority

# Contract Overview

## A - Scope of Work and Budget

- List activities to be undertaken and budget

## B - State and Federal Statutes and Regulations

- A list of all laws and regulations that must be complied with

## D - Reporting Requirements

- Required reports and the due dates for each

## F – Warranties and Representations

- Financial Management requirements
- Procurement/Open competition requirements
- Codes of Conduct for employees (no bribes....)

# Contract Overview

## G – Certification Regarding Debarment and Suspension

- Can't contract with a disbarred business

## I – Activity Work Plans

- Timeline for completion of all grant activities (start to finish)

# Contract Overview

## J – Program and Special Conditions

- Very important requirements relating to project initiation
  - Environmental assessment
  - Procurement
  - Acquisition and relocation
  - Information on grant payments
  - Program income
  - Fair housing
  - Deed restrictions
  - Amendments
  - Recordkeeping
  - National objective
  - Davis-Bacon
  - Oversight of subrecipients
  - Closeout of grant
  - Housing assistance plan (HAP)
  - Affordable rental set-aside

# Contract Overview

## K – Civil Rights Compliance Assurance

- Must comply with the following laws and related contract provisions:
  - Fair Housing
  - Equal Employment Opportunity (EEO)
  - Section 504/Americans with Disabilities Act (ADA)
  - Section 3 – Economic Opportunities for Low- and Very Low-Income Persons
  - Must appoint local contact for Fair Housing, EEO and Section 504-ADA
  - Must publish or post contact information once each quarter OR leave it on website all the time

## L- Signature Authorization

- Who is authorized to sign documents, approve and submit payments

# Contract Overview: Attachment J - Program and Special Conditions

Submit within (90) Days and Before Admin Exceeds  
\$15,000:

- Environmental Assessment
- Policies and Procedures
- Professional Services Contracts
  - Administrative
  - Engineering or Architectural



# Contract Overview: Attachment J - Program and Special Conditions

- Submit to Department for Review and Approval:
  - All Engineering Specifications and Construction Plans
  - All Bid Documents for Services, Materials and Construction Activities

# Contract Overview: Attachment J - Program and Special Conditions

- Note the information pertaining to:
  - Administration and Activity Delivery Costs
  - Monitoring of Subrecipients
  - National Objective Forms
  - Duplication of Benefits Avoidance
  - Special Conditions

# Contract Overview:

## Amendments and Extensions

- Will **not** be granted without extensive justification
- Subject to DCA review
- Requires DCA management approval
- Must be received **at least (90) days prior to the contract expiration**
- Contract extensions will be subject to additional special conditions including, but not limited to:
  - Additional monthly reporting
  - Additional monitoring
  - Provision of photos, etc.

# Administrative Expectations

- Keep money moving
- Update environmental assessment as necessary
- Adhere to Activity Work Plan and Budget
  - Amend when necessary
- Contract Extension Timeframe (up to 1-year)
  - Based on Overall Performance/Progression of Projects
  - Submitted in a timely manner
  - Implementation of Activity Benchmarks/Revised Work Plan

# Administrative Expectations

- All local governments will be held to the terms of the Award Agreement (the contract)!
- Failure to adhere to contract provisions may result in a loss or reduction of funding.
  - If funds have been spent and it is later found that the local government is not in compliance, funds may have to be repaid.

# Program Requirements

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Melanie Alexander

# Program Requirements

- Environmental Assessment
- Fair Housing and Equal Opportunity
- Conflict of Interest
- Procurement
- Labor Standards
- Citizen Participation
  - Reasonable opportunity for input
  - Ongoing access to information
  - Respond to complaints within (15) days
- Plan to minimize displacement

# Admin and Activity Delivery Costs

- Activity delivery costs
- Directly associated with an activity in the budget
  - Work write-ups, appraisal services, inspections, etc.
- Administrative costs are payments for planning, management, coordination and monitoring
  - Single audits (over \$500,000 federal expended)
  - Fair Housing
  - Monitoring subrecipients
  - Reporting



# Admin and Activity Delivery Costs

- Expenditure Test
  - Is it eligible?
    - Federal Register, Action Plan, National Objective
  - Is it reasonable?
    - Customary, Newspaper Test
  - Is it necessary to carry out the primary activity?
  - Can it be documented?

# Admin and Activity Delivery Costs

- Admin 2.5% (max)
- Infrastructure Activity Delivery 5% (max)
- Housing Activity Delivery 12% (max)

# Activity Delivery Costs

- Eligible project costs related to housing are:
  - Acquisition documentation
    - Document fees (appraisals, recording fees, etc.)
  - Inspections
  - Labor standards compliance (multi-family)
  - Code enforcement

# Engineering Costs

- Are not Activity Delivery Costs
- Should be charged to engineering line item OR to the activity for which the plans are necessary
- Cannot exceed amounts in the RUS Fee Schedule

# Affordable Rental Housing

- Original allocation (K contract) mandates (14%) must be used for Affordable Rental Housing (ARH)
  - DCA must meet this requirement
  - Preference should be given to ARH projects
  - DCA will not reduce a local government's budget for ARH unless it is clear that overall the requirement will be met

# Procurement of Professional Services

- Must comply with State and Federal Procurement laws
- Admin and Engineering can be done before Environmental Review
- LG prepares RFP
  - Price cannot be a determining factor for engineer selection, but must be for the consultant
  - Qualifications most important for engineer
  - Ensure open competition (24 CFR 85.36) (287.055 FS)
- Advertise for at least (12) days in an MSA paper or have at least (3) responses
- Evaluate criteria used in selection process
- DCA review may take up to (10) days
  - Incomplete packages will delay reviews
  - Please keep a copy of approval letter in the file

# Submit to DCA

- RFP
- Copy of advertisement
- Individual evaluative ranking sheets
- Summary ranking sheet
- Winning proposal
- Bid protests and resolutions
- BOCC meeting minutes documenting approval of contract
- Contract

# Force Accounts

- Defined as the use of local government employees to perform construction work
- Must be carefully documented OMB Circular A-87 is principal governing guidance
- Florida Statute 255.20, requires a public hearing before force account if value of construction work is \$300,000+ and/ or for electrical work \$50,000+



# Force Accounts

- Must consult DCA
- Applies to construction
  - LG uses its staff/employees
  - No bids required
  - May require a public hearing
  - Davis-Bacon does not apply
- Special provisions for equipment/tools
- Special provisions for materials/supplies

# Force Accounts – Documentation for Labor

- Time sheets required, showing daily CDBG & non-CDBG hours, signed by supervisor
  - (FICA, fringe, etc. calculated to hourly amount)
- Overtime payment restrictions on hourly rate (no shifting to CDBG)
  - Some fringe benefits may not be included in overtime rate since not paid that way (ex: health insurance based only on yearly rate at approximately 2,080 hours)

# Force Accounts – Materials

- If purchased specifically for CDBG project, use actual cost
- Follow appropriate procurement requirements
- How will materials be tracked? (CDBG cannot pay for unused materials)
- If using existing inventory, how is value calculated?
- Unless prior job costing system in place, use average cost
- If no historical cost data, this may preclude materials payment

# Force Accounts – Equipment

- In many cases, equipment has little or no value based on depreciated cost A-87 sets maximum value at (6 2/3%) annually based on purchase cost
- CDBG cannot pay for tools, such as hammers, etc.

# Duplication of Benefits

- No duplication of benefits
  - Insurance
  - FEMA
  - Other assistance

# Storm Documentation and Duplication of Benefit

- The basis for determining eligibility is contingent on applicant demonstrating that damage was incurred during the storm-related event
  - An insurance claim reflecting data from a qualified claims adjustor
  - FEMA report indicating that the applicant reported damage to the home and requested assistance
  - Local and state damage assessment data collected by damage assessment teams or local city or county building inspector
- Direct beneficiaries are required to certify that their property suffered damage and that they have not received funding from any source that would cover the repairs being made
  - Self certification alone is not acceptable for storm documentation.
  - Use newly-developed DCA form
- Supplemental assistance is not the same as duplication

# Reporting

Melanie Alexander

# Reporting

- e-CDBG
  - MBE
  - Section 3
  - RFF
  - Signature Authorization Form
- Monthly Status Reports (MSR)
- Fair Housing
- Annual Audit
- Close-out
  - Review close-out documents early



# Links to Documents

- DCA Action Plan
  - <http://www.dca.state.fl.us/fhcd/cdbg/Files/DisasterRecovery/DRAFTDREFActionPlan.pdf>
- Federal Register Notice
  - [http://www.hud.gov/offices/cpd/communitydevelopment/programs/drsi/pdf/dref\\_attachment\\_d.pdf](http://www.hud.gov/offices/cpd/communitydevelopment/programs/drsi/pdf/dref_attachment_d.pdf)

# Question & Answer