

NEBRASKA

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DEPT. OF ECONOMIC DEVELOPMENT

Infrastructure Match Program Guide

State of Nebraska CDBG-DR Program

OCTOBER 2024 | Version 2.2

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RECORD OF CHANGES

Infrastructure Match Program Guide

The table below summarizes changes by version. This identifier is also located on the cover page of this document.

Version	Date	Description of Change
1.0	01/31/2022	Initial draft published.
1.1	12/28/2022	In addition to minor changes to clarify process throughout, responsive to HUD feedback, revisions also include: <ol style="list-style-type: none"> 1. Incorporated Environmental Review adoption process in the NEPA section. 2. Overall cleanup of content to align with the Process Flow. 3. Cross-Cutting Review. 4. Replaced references to Policies and Procedures with CDBG-DR Policy Manual Chapters. 5. Deleted duplicative toolkit documents and updated in-text references. 6. Updated Table 1: Stages of the Infrastructure Match Program. 7. Updated Section 6: Application and Award Process to reflect current process flow.
2.0	01/22/2024	<ol style="list-style-type: none"> 1. Added eligible time periods for Match funding for PA and HMGP projects. 8. Removed references to Flexible Match. 9. Updated maximum project award amount. 10. Added language on cost underruns and overruns.
2.1	06/07/2024	Added references to URA requirements and added guidelines for Non-FEMA Match projects.
2.2	10/28/2024	<ol style="list-style-type: none"> 1. Added additional detail on environmental review, Request for Release of Funds, and Authorization for Use of Grant Funds in Sections 7.4.1.2, 7.5.1, and 8.3.1. 11. Added detail on construction oversight for Non-FEMA Match projects in Section 8.4.

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1 EXECUTIVE SUMMARY

In early 2019, the State of Nebraska suffered record-breaking damage from severe winter weather, straight-line winds, and its worst flooding event in 50 years, leading to a Federal major disaster declaration (DR-4420) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act). Damage from DR-4420 was widespread, leading to disaster declarations in 84 of the State's 93 counties (and four tribal areas), with the worst damage located in the eastern part of the State. The US Department of Housing and Urban Development (HUD) Most Impacted and Distressed (MID) is detailed in the [Action Plan](#) and includes Dodge, Douglas, and Sarpy counties.

On May 19, 2019, the Federal Emergency Management Agency (FEMA) released a public notice of its intent to reimburse state and local Nebraska governments and agencies, and eligible nonprofit organizations for costs incurred to repair and/or replace facilities damaged by severe winter storms, straight-line winds, and flooding through the Public Assistance (PA) and Hazard Mitigation Grant (HMGP) programs. HUD's Community Development Block Grant – Disaster Recovery (CDBG-DR) Grantees and Subrecipients (SR) may use CDBG-DR funds to fulfill all or a portion of the non-Federal cost share requirements of the PA and HMGP Match Programs (referenced as "Local Match"). FEMA provides funding for disaster recovery through two programs:

- **FEMA PA** provides funding to repair or rebuild infrastructure with FEMA funding 90% of the project cost and local jurisdictions responsible for the remaining 10%.¹
- **FEMA HMGP** provides funding for projects that mitigate risks from future disasters with FEMA funding 75% of project cost and local jurisdictions responsible for the remaining 25%.
- **Non-FEMA Match** provides funding for projects that mitigate risks from future disasters but fall outside FEMA PA or HMGP purview. These projects will be matched with at least 10% local funding from the Subrecipient or other local government entities.

To support long-term recovery, the State of Nebraska's Department of Economic Development (DED) received a \$108,938,000 grant through HUD. As part of the State of Nebraska's Action Plan, DED has established the CDBG-DR Infrastructure Match Program (Match Program) to provide funding to supplement the non-Federal cost share of these programs.

The Match Program focuses on developing and implementing projects that will strengthen and build resilient communities driven by the needs, opportunities, and strategies to mitigate future impacts throughout the State. The Match Program is designed to assist public entities, local nonprofit organizations, and other eligible entities by leveraging CDBG-DR funds with FEMA resources to support recovery efforts. The use of CDBG-DR funds to cover the required non-

¹ President Biden made additional disaster assistance available to the State of Nebraska by authorizing an increase in the level of federal funding for public assistance projects as a result of Winter Storm Ulmer (DR-4420).

Federal cost share or Local Match will ease the fiscal strain on communities struggling to recover from the catastrophic 2019 floods.

CDBG-DR funds may only be used to expand a project's scope if FEMA approves of the expansion in the FEMA Project Worksheet (PW) and/or sub-application. Additionally, projects must implement a CDBG-eligible activity, meet a HUD National Objective, and comply with all applicable cross-cutting requirements, to include, but not limited to, the Davis-Bacon and Related Acts (DBRA), Section 3, Uniform Relocation Assistance and Real Property Acquisition Policies (URA), Environmental Review, Procurement Standards as validated by FEMA, and applicable local statutes, rules, and regulations.

DED will use both the Traditional Match Model and the Flexible Match Model to fund eligible FEMA Public Assistance (PA) projects. The choice between these options will be made by DED on a case-by-case basis. The Flexible Match model will be used to minimize the administrative cost associated with CDBG-DR funds, meeting the Local Match requirement of the PA program. The Flexible Match Model allows CDBG-DR funding to be directed to specific components of the scope of work. However, the portions funded by CDBG-DR will be required to comply with both FEMA and CDBG-DR requirements. This flexibility will mitigate additional financial burdens on local entities already distressed by the disaster.

In the Traditional Match approach, CDBG-DR funds are applied as the Local Match for the entire project and must adhere to both FEMA and CDBG-DR eligibility compliance requirements.

The purpose of this guide is to outline the process for administering the DED Match Program, funded by HUD CDBG-DR for DR-4420. The objective is to provide an understanding of the Match Program. The intended outcome of the Match Program is to offset the local cost share for infrastructure projects to expand the reach of projects that address impacts from Winter Storm Ulmer and mitigate similar impacts in the future. Additional documentation, including the CDBG-DR Manual and the documents listed in this program guide, are available on the DED website.²

The FEMA and Non-FEMA Match Program includes six stages outlined below in Table 1 and Table 2 which provide additional detail. **Section 6: Application and Award Process** provides additional details related to each of these stages and describes the method for implementing the Match Program. It should be read as an "order of operations" for projects selected for funding under this program and relates directly to the below Match Program Stages.

² <https://opportunity.nebraska.gov/programs/community/cdbg-dr/>

Table 1: Stages of the Infrastructure Match Program – FEMA PA and HMGP projects

Stage	Tasks	Outcomes
<p>Stage 1: Identify FEMA-Obligated PA and HMGP Projects</p>	<ul style="list-style-type: none"> • The State of Nebraska Emergency Management Agency (NEMA) provides a list of active PA and HMGP projects to DED for consideration. • DED and NEMA use Grants Portal to view the most up-to-date project information. • DED conducts the Match Program’s preliminary review by generating a list of eligible projects based on the eligibility and prioritization review. • After the preliminary review, the State will issue a Notice of Intent (NOI) and Pre-Application to invite applicants to submit additional information to confirm eligibility. • Following the release of the NOI, CDBG-DR applicants have 60 days from the date the submission opened to complete and submit the NOI Pre-Application detailing eligible Match Program projects to DED. 	<ul style="list-style-type: none"> • DED conducts a preliminary review of PA and HMGP projects. • DED issues an NOI and Pre-Application to confirm initial eligibility.
<p>Stage 2: Project Analysis</p>	<ul style="list-style-type: none"> • DED reviews the NOI Pre-Application to determine National Objective, HUD-identified MID (e.g., Sarpy, Dodge, and Douglas counties), and non-MID, eligible Scope of Work (SOW). • DED tiers Pre-Application based on whether the project is in a HUD-identified MID and/or meets the Low-and moderate-income (LMI) National Objective and send Pre-Application Tiering and Ineligibility Letters to applicants via ShareFile. • Based on the Pre-Application tiering, DED will notify the applicant if they are going into an Application for Funding 	<ul style="list-style-type: none"> • DED reviews Pre-Applications. • DED tiers Pre-Applications based on LMI and MID. • DED notifies applicants if they are moving into the Application for Funding.
<p>Stage 3: DED Subrecipient Selection and Setup</p>	<ul style="list-style-type: none"> • DED completes the PA and HMGP Application for Funding on behalf of the applicant. DED sends PA and HMGP Application for Funding to applicants for review, verification, and signature. • For approved PA projects, DED executes the Interagency Agreement (IAA) with the Nebraska Emergency Management Agency (NEMA). 	<ul style="list-style-type: none"> • DED completes PA and HMGP Application for Funding on behalf of

Stage	Tasks	Outcomes
	<ul style="list-style-type: none"> For approved HMGP projects, DED initiates the Subrecipient Agreement (SRA) process with the applicant. DED monitors HMGP Subrecipients conduct such tasks as reviewing performance and compliance, confirming requirements, and evaluating any changes as they relate to the SRA, among others as required by the distinct program (i.e., HMGP project, PA project under construction, or complete PA project) (see Process Flowchart for further guidance). 	<p>the applicant.</p> <ul style="list-style-type: none"> Applicants review, verify, and sign the Application for Funding. For approved HMGP projects, DED initiates SRA process.
<p>Stage 4: Detailed Project Vetting</p>	<ul style="list-style-type: none"> Following the Application submission, DED conducts a Detailed Eligibility Review of approved project elements and supporting documentation, which includes, but is not limited to, the following: <ul style="list-style-type: none"> Federal and cross-cutting requirements; and Match share amount. DED confirms projects meet HUD eligibility and cross-cutting requirements prior to determining project eligibility. For HMGP, this process is ongoing based on project progress status. DED reviews FEMA's environmental documentation for each project and processing for adoption. Both program applicants underwent risk assessments by FEMA and DED adopts those reviews. 	<ul style="list-style-type: none"> DED conducts a Detailed Eligibility Review of PA and HMGP projects. DED reviews FEMA's environmental review for adoption.
<p>Stage 5: Subrecipient Payment</p>	<ul style="list-style-type: none"> DED sends a notice of award or issues a notice of non-selection. NEMA, PA Applicants and HMGP Subrecipient provide financial management documents to DED (e.g., an assessment of the entity's audited financial statements, record-keeping methods, financial systems, or written procedures manual for financial management). 	<ul style="list-style-type: none"> DED and Subrecipient submit their RROF to HUD. If approved, HUD grants an AUGF. Subrecipient reimbursed

Stage	Tasks	Outcomes
	<ul style="list-style-type: none"> PA projects may be paid in one payment or in a series of invoice installments once the projects have been closed out with NEMA, as appropriate. HMGP projects may be paid all at once in a single payment after it is complete, or multiple payments, as appropriate. Once DED confirms that the project has complied with the National Environmental Policy Act (NEPA) and HUD requirements, as part of the payment request package in DRGR, DED and the Subrecipient submit their Request for Release of Funds (RROF) to HUD. If approved, HUD grants an Authority to Use Grant Funds (AUGF). The Subrecipient then has three days to draw down the funds. 	<p>for local match cost.</p>
<p>Stage 6: Reconciliation and Closeout</p>	<ul style="list-style-type: none"> DED will determine if a project is eligible for closeout for the CDBG-DR funded portion of the project. A project cannot close until the Subrecipient has submitted their last full invoice, completed all activities, and met the National Objective. The SRA is closed out after projects are closed. If an SRA covers multiple projects, the SRA cannot be closed out until all projects are complete and closed out. Subrecipient retains records for three years after HUD and DED Grant Closeout. 	<ul style="list-style-type: none"> DED reconciles DRGR activities upon completion of FEMA PA/HMGP project closeout.

Table 2: Stages of the Infrastructure Match Program – Non-FEMA Match

Stage	Tasks	Outcomes
<p>Stage 1: Identify Non-FEMA Projects and Subrecipient Selection</p>	<ul style="list-style-type: none"> NEMA provides DED a list of HMGP projects that were not selected by FEMA due to lack of funding. DED provides Technical Assistance for applicants as they complete the Non-FEMA flood mitigation Application for Funding. DED confirms Subrecipient ability to manage projects. 	<ul style="list-style-type: none"> DED conducts a preliminary review of projects that did not receive HMGP funding as potential Non-FEMA Flood mitigation projects. Potential Subrecipients fill out an Application for Funding.

<p>Stage 2: Project Analysis</p>	<ul style="list-style-type: none"> • DED reviews Applications and formally selects projects for CDBG-DR funding. • For approved projects, DED initiates SRA process and executes an SRA with the Applicant. 	<ul style="list-style-type: none"> • Completed Application for Funding. • Draft SRA.
<p>Stage 3: Pre- Construction Project Work</p>	<ul style="list-style-type: none"> • Subrecipient has a third party prepare the NEPA Environmental Review. • DED and Subrecipient submit their RROF to HUD. • If approved, HUD grants an AUGF. • Design, architect and engineering work are completed as needed, and a cost estimate created. 	<ul style="list-style-type: none"> • Design phase is completed.
<p>Stage 4: Construction and Oversight</p>	<ul style="list-style-type: none"> • An independent cost estimate (ICE) is completed prior to submission of bids. • Subrecipient will submit bid documentation for DED’s review; contractors/vendors proposals plus scoring documentation to ensure that DBRA, Section 3, cost reasonableness and other contractual requirements are met. • DED approves construction contract after bid opening and before contract signature by the Subrecipient. • DED will provide construction oversight for programmatic and compliance requirements. • DED will perform cost oversight to ensure all costs are necessary and reasonable, and the project stays on budget. 	<ul style="list-style-type: none"> • Project goes out to bid, a construction contract is signed, and construction is done according to CDBG-DR rules and regulations.
<p>Stage 5: Subrecipient Payment</p>	<ul style="list-style-type: none"> • Subrecipient requests reimbursement for costs incurred at a frequency agreed to in the SRA. 	<ul style="list-style-type: none"> • Subrecipient and their contractor(s) are paid within CDBG-DR rules and regulations.
<p>Stage 6: Reconciliation and Closeout</p>	<ul style="list-style-type: none"> • Final Subrecipient payment is held until construction is complete, all deliverables are submitted, and monitoring and compliance done. • Final payment paid, project and SRA is then closed out. 	<ul style="list-style-type: none"> • Final Subrecipient reimbursement for costs.

1.1 ASSOCIATED ALLOCATION(S)

- Winter Storm Ulmer ([DR-4420](#))
 - In early 2019, the State of Nebraska suffered record-breaking damage from severe winter weather, straight-line winds, and its worst flooding event in 50 years, leading to a Federal major disaster declaration (DR-4420) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act). Damage from DR-4420 was widespread, leading to disaster declarations in 84 of the State's 93 counties (and four tribal areas), with the worst damage located in the eastern part of the state.
 - HUD designated the MID, as detailed in the Action Plan, as Dodge, Douglas, and Sarpy counties.
 - Pursuant to the federal requirements for DR-4420, a minimum of 80% of this allocation must be invested in HUD-designated MID areas.
 - A minimum of 70% of total CDBG-DR program funds must be spent on LMI populations.

This subsection may be updated should other allocations become available due to subsequent disaster events or supplemental allocations.

2 SCOPE

This policy applies to all DED employees, providers, vendors, contractors, consultants, Developers, Subrecipients, individual beneficiaries, partners, citizens, external departments, and agencies doing business with DED, as well as beneficiaries and others associated with, working for, accessing, or attempting to access benefits under the CDBG-DR programs.

3 CDBG-DR MATCH PROGRAM OVERVIEW

On December 3, 2019, HUD announced an allocation to Nebraska of \$108,938,000 in CDBG-DR funding. Issuance of the associated Federal Register Notice followed on January 27, 2020. These funds are intended to assist Nebraskans and their communities in recovering from the devastating effects of the severe weather conditions and subsequent flooding that occurred during the first half of 2019. The impact of these disasters on Nebraska's infrastructure, housing, and economy was widespread, with damage particularly focused on the eastern part of the state.

In accordance with the Action Plan and consistent with the data HUD used in determining Nebraska's allocation amount and the findings of the Unmet Needs Assessment (see Section 2 of the [Action Plan](#)), DED anticipates investing a considerable portion of the state's CDBG-DR allocation toward unmet infrastructure needs. This distribution is consistent with the HUD data which indicated that infrastructure damage was more significant than housing damage.

Additionally, in the few months since HUD took the steps outlined above, the nation has experienced the COVID-19 pandemic. Along with the rest of the nation and larger world, this

unprecedented public health crisis is profoundly changing economic conditions within the state for the foreseeable future. Although extensive Federal resources are being directed to governments, businesses, and individuals to mitigate the impact of the COVID-19 pandemic, the actual needs far exceed the amount of funds available. It is incumbent upon the state to pursue policies and outcomes that maximize the financial resources available, mitigating financial burdens of local units of government by making available the Local match/non-Federal share portion of FEMA PA and HMGP Match Programs.

- **Flexible Match** is a concept that minimizes the administrative costs related to using CDBG-DR funds to satisfy the local match requirement of both the HMGP and PA programs. When using the Flexible Match concept, the applicant can choose to apply its CDBG-DR funding to specific components within a Project Worksheet or sub-application. All the components must comply with FEMA Program requirements, but only the CDBG-DR-assisted portion of the project must comply with CDBG-DR requirements. This concept is being implemented to reduce the number of components within the SOW that must comply with both Federal grant program requirements.

CDBG-DR represents a down payment against unmet long-term recovery needs, which the initial Action Plan estimated at approximately \$269 million. The reality is that difficult decisions on the deployment of the CDBG-DR funds were always on the horizon, and the COVID-19 crisis has altered the state's evaluation of the alternatives. In making these decisions, it is important for Nebraskans with unmet recovery needs and for Nebraska's Federal partners to understand that there is a concerted commitment to finding the best possible options to address those remaining needs. Many such needs can be resolved more quickly, effectively, and reasonably with resources other than CDBG-DR. Our goal is to ensure that Nebraska recovers from the 2019 floods and is more resilient in the face of any similar event in the future. For the Match Program process overview, see: **Process Flowchart**.

The State of Nebraska enforces conduct of the CDBG-DR program to ensure that no person is excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability, or marital status.

3.1 MATCH SHARE AMOUNT

FEMA provides funding to repair or rebuild infrastructure under its HMGP and PA program. However, applicants, such as local governments, must pay some of the eligible costs:

- 10% of the eligible costs to repair or rebuild infrastructure under FEMA PA; and
- 25% of the eligible costs under FEMA's HMGP.³

³ "DR-4420-NE Amendment 015." FEMA.

CDBG-DR funds may be used as match to offset the local share of PA or HMGP funded projects that:

- Demonstrate an unmet recovery need remains;
- Have exhausted other avenues for funding; and
- Are critical to restoring and making the community more resilient.

For eligible activities that meet CDBG-DR requirements, DED will reimburse up to 10% under the FEMA PA Match Program and up to 25% under the HMGP Match Program. In some cases, the percentage non-Federal match will be different than the standard 10% for PA projects or 25% for HMGP projects. In the case of FEMA-defined “small projects” (PA) where FEMA estimates the cost of repairs for a given damage assessment, FEMA does not recoup funds remaining when an applicant delivers the project under budget. However, if the applicant has another project that comes in over the estimated budget, any funds created by, and underrun project must be applied to the overrun first before asking for additional funds from FEMA. For these underrun projects, there will be no CDBG-DR Match for actual costs under the 90% original project budget that FEMA has already paid. For projects with actual costs between 90% and 100% of the original project budget, the CDBG-DR Match will reimburse actual costs remaining for the applicant.

FEMA HMGP, unlike PA, is a fixed budget program; so, if there are cost overruns in a project, there are generally not additional FEMA funds available to cover the additional costs. CDBG-DR Match may be available to cover additional costs and will be determined on a project case-by-case basis.

For non-FEMA match projects, the Subrecipient, possibly in conjunction with other local government entities, must pay at least 10% of the total project cost.

The maximum CDBG-DR match amount for any single project is \$25,000,000. Initial awards for non-FEMA match projects will not exceed \$10,000,000.

3.2 SUMMARY OF REQUIREMENTS AND PRIORITIES

Summarized in **Table 2** below are the Match Program priorities in context of the Federal requirements and state priorities these funds are subject to. To understand how the program priorities are implemented under the Match Program, see **Section 6: Application and Award Process**, and CDBG-DR Manual **Chapter 2: Program Administrative Requirements**.

Table 3: Summary of CDBG-DR Requirements and Priorities

Entity	Requirement/Priority	Type and Citation
HUD	Tieback to the Disaster	77 FR 22583
	Eligible Activity	24 CFR § 570.482

Entity	Requirement/Priority	Type and Citation
	Meet a National Objective	24 CFR § 570.483
	Prioritization of HUD-defined MID areas	85 FR 4681
	Prioritization of Vulnerable Populations	Section 4.4.1 of the State of Nebraska DR-4420 Disaster Recovery Action Plan
	Infrastructure that directly or indirectly supports housing development activities	Section 5.1.2 of the State of Nebraska DR-4420 Disaster Recovery Action Plan; 83 FR 5844
State	Safe and Resilient Building	Section 4.3 of the State of Nebraska DR-4420 Disaster Recovery Action Plan
	Local and Regional Coordination	Section 4.4.2 of the State of Nebraska DR-4420 Disaster Recovery Action Plan
	Ongoing Outreach	Section 2.4.2.3 of the State of Nebraska DR-4420 Disaster Recovery Action Plan
Infrastructure Match Program	Emphasize green infrastructure.	Section 5.1 of the State of Nebraska DR-4420 Disaster Recovery Action Plan
	Demonstrate a Tie to Housing Recovery.	Section 5.1.2 of the State of Nebraska DR-4420 Disaster Recovery Action Plan
	Increase capacity for resilience by upgrading stormwater and drainage infrastructure.	
	Align with local planning efforts	
	Align with needs outlined in the Unmet Needs Assessment (UNA) (section 2 of the Action Plan) and Nebraska’s Baseline Conditions and Impact Assessment Report.	
Relieve financial stress on local governments and other partners by making available local matching requirements for approved FEMA PA and HMGP projects.		

3.3 PROGRAM OBJECTIVES

Winter Storm Ulmer and the subsequent flooding caused severe damage to the state’s infrastructure systems and created cascading impacts across many sectors. Infrastructure damage was widespread, with 84 out of 93 counties impacted, reporting damage to roads, bridges, levees, dams, stormwater systems, and many other critical infrastructure facilities.

As of Action Plan Amendment 3, roughly 40% of the total CDBG-DR funding allocation by HUD will go towards the Match Program to aid in Nebraska’s flood recovery effort. This is consistent with the DED unmet needs assessment, which indicated that infrastructure damage was more significant than total housing damage. The Match Program allows FEMA PA and HMGP applicants to apply for CDBG-DR funding to cover costs that exceed the funds provided by FEMA. FEMA PA categorizes eligible projects by the type of damage that needs repair or restoration following a disaster. There are five categories of PA projects for permanent work (see **Table 3**).

Table 4: FEMA PA Project Categories

Category		Description
Category C	Roads and Bridges (Section 406 of the Stafford Act)	Repair of roads, bridges, and associated features, such as shoulders, ditches, culverts, lighting, and signs.
Category D	Water Control Facilities (Section 406 of the Stafford Act)	Drainage channels, pumping facilities, and some irrigation facilities or levees, dams, and flood control facilities, with some restrictions.
Category E	Buildings and Equipment (Section 406 of the Stafford Act)	Buildings, including their contents and systems, or heavy equipment and vehicles.
Category F	Utilities (Section 406 of the Stafford Act)	Water treatment and delivery systems; power generation and distribution facilities; sewage collection and treatment facilities; or communications infrastructure.
Category G	Parks, Recreation Facilities, and Other Facilities (Section 406 of the Stafford Act)	Repair and restoration of parks, playgrounds, pools, cemeteries, mass transit facilities, beaches, and marinas. ⁴

⁴ “Course: Public Assistance Hazard Mitigation Project Eligibility.” FEMA.

Category	Description
	Any work or facility that does not fit under these categories.

The DED Match Program for FEMA PA and HMGP, and non-FEMA match projects can distribute up to \$43,691,100 in aid to eligible projects to help applicants meet their Local Match requirements. FEMA’s Federal cost share for PA projects was increased to 90% of cost with the required 10% match, which will be funded through the CDBG-DR Match Program. FEMA’s current Federal cost share for HMGP is 75% with a required 25% match to be funded through CDBG-DR Match Program.⁵

Per HUD requirements, 80% of the total CDBG-DR funding allocation must benefit the HUD-defined MID areas (Sarpy, Dodge, and Douglas counties). To meet the needs of other impacted counties outside of the HUD-defined MID areas, the State has allocated up to 20% of CDBG-DR funding to support recovery in the remaining 81 counties included in the Federal disaster declaration (i.e., the State-defined MID). DED is mandated to implement infrastructure activities that focus on benefiting LMI populations to meet the overall 70% LMI benefit level applicable to the entire grant.

Examples of CDBG-DR activities that can be funded in conjunction with FEMA Permanent Work Categories for PA local match include:

- Acquisition of real property;
- Acquisition, construction, reconstruction, or installation of public works, facilities, and site or other improvements; and
- Reconstruction and rehabilitation of privately-owned property.

Examples of CDBG-DR activities that can be funded in conjunction with FEMA HMGP local match may include but are not limited to:

- Structural elevations;
- Flood risk reduction;
- Infrastructure retrofits;
- Acquisition, construction, reconstruction, or installation of public works facilities;
- Site or other improvements; and
- Reconstruction and rehabilitation of privately-owned property.

As projects are evaluated through the HMGP process, DED will pay close attention to those that benefit housing recovery and address long-term housing needs throughout communities. Non-FEMA match projects can include any activities generally eligible for FEMA PA or HMGP work.

⁵ “DR-4420-NE Amendment 015.” FEMA.

3.4 PROGRAM GOALS

The need to rebuild communities with an emphasis on resiliency became apparent after the 2019 disasters. To promote recovery and to prevent future catastrophic disaster-related damage, the Match Program provides FEMA applicants with the financial resources to pursue and implement projects that will rebuild and strengthen communities impacted by DR-4420.

As defined in **Table 2**, Match Program applicants are required to meet a series of Federal and state requirements to be eligible for the program. Program goals that will inform applicant selection include:

- Benefiting LMI persons;
- Implementing projects in HUD-defined MID areas;
- Supporting housing project development; and
- Relieving financial stress on local governments and other partners.

In addition, DED will review FEMA PA and HMGP projects to evaluate their eligibility under CDBG-DR. This process is outlined in **Section 7.2: Stage Two: Project Analysis**, and **Section 7.3: Stage Three: Detailed Project Vetting**. If eligible, CDBG-DR funds may be used to fund improvements to PA or HMGP projects that meet the following thresholds:

- Has been obligated by FEMA;
- Demonstrate that other avenues for funding have been exhausted and an unmet recovery need remains; and
- Demonstrate that the project is critical to restoring and making the community more resilient.

Analysis to verify that projects meet these thresholds will be conducted using **Detailed Eligibility Checklist**. Please note that the Checklist is an internal document not available on DED's website.

To demonstrate and meet the Federal requirements of CDBG-DR funding, DED created tiering criteria to prioritize projects (see **Section 5.5: Tiering Criteria**). While funding opportunities are available for communities impacted by disasters, many Federal programs require local governments to pay a share of the cost of the project. In the aftermath of the disaster, DED recognized that many local governments are fiscally constrained from implementing recovery efforts as they become overwhelmed with emergency response and loss of government revenue. In response, DED has established the CDBG-DR Match Program to provide funding to supplement the local cost share of these programs. Please refer to the six-stage process in **Table 1.1**

3.5 ONGOING UNMET NEEDS ASSESSMENT

As described in the Action Plan⁶ and discussed in the Citizen Participation Plan,⁷ the State will actively work to identify infrastructure projects that address resiliency, including those that:

- Emphasize green infrastructure;
- Increase capacity for resilience by upgrading stormwater and drainage infrastructure;
- Demonstrate a tie to housing recovery;
- Align with local planning efforts; and
- Align with needs outlined in the UNA (Section 2 of the [Action Plan](#)) and Nebraska's Baseline Conditions and Impact Assessment Report.

DED will work with State partners to continually identify unmet needs that the Match Program may be able to support, and similarly communicate emerging unmet needs that are ineligible for the Match Program to programs who may be able to address them.

3.6 AWARD LIMITS

Under the Match Program, in accordance with the Action Plan, the following limits apply:

- Maximum award for an individual project: **\$25,000,000**. The initial award for non-FEMA projects will not exceed \$10,000,000.

3.7 COST TIME PERIOD ELIGIBILITY

In FEMA PA, eligible permanent work can begin as soon as a major disaster declaration is made and are obligated at any time afterwards. PA projects are eligible to receive CDBG-DR Match funds once a PW is obligated, which includes costs incurred starting immediately after the storm through to FEMA closeout. For FEMA HMGP, projects are planned in advance between FEMA and the applicant and are allowed to begin work after FEMA has obligated the project. Therefore, HMGP projects are eligible to receive CDBG-DR Match funds for costs incurred after FEMA's obligation of project funds and through FEMA closeout of the project.

For non-FEMA match projects, costs can be incurred as soon as a Subrecipient Agreement (SRA) is signed with the Subrecipient. Pre-award costs may be reimbursed by DED on a case-by-case basis. Any further details on cost time period will be outlined in that Agreement. The CDBG-DR grant expires on July 7, 2027, and all costs must be incurred, and all projects must be completed well before that date.

3.8 TOTAL ALLOCATION

⁶ ["State of Nebraska DR-4420 Disaster Recovery Action Plan." DED.](#)

⁷ ["State of Nebraska DR-4420 Citizen Participation Plan." DED.](#)

According to the Action Plan Amendment 3, unneeded funds were moved out of the Infrastructure Match Program and applied to Housing Programs. The total allocation for the Infrastructure Match Program (\$43,691,100) may be awarded up to \$25,000,000 per project.

4 ROLES AND RESPONSIBILITIES

4.1 US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

HUD is the lead Federal agency responsible for the following activities as it related to CDBG-DR funds: calculates and announces allocations; publishes Federal Register Notice to govern CDBG-DR funds and issues waivers; reviews and approves CDBG-DR Action Plans; awards CDBG-DR Funds; provides CDBG-DR Grantees with technical assistance and manages the Disaster Grant Reporting System (DRGR); helps to coordinate funding streams from other Federal agencies; monitors CDBG-DR Grantees to ensure performance and compliance; review's Grantee Quarterly Performance Reports (QPRs); and works to resolve HUD Inspector General audits and investigations.

4.2 NEBRASKA DEPARTMENT OF ECONOMIC DEVELOPMENT (DED)

Grantee refers to a state or unit of general local government that received a direct CDBG-DR allocation from HUD. DED is the grant recipient ("Grantee") under HUD's CDBG-DR funds. Primarily responsibilities include administering the Federal grant directly and serving as a pass-through entity to the Subrecipient(s).

DED is responsible for designing and implementing all recovery programs funded under CDBG-DR; this includes:

- developing specific program materials,
- communicating program requirements,
- ensuring Subrecipient grant compliance, and
- communicating key program information.

DED will also establish internal controls for financial management and to ensure performance and compliance, monitors Subrecipients; distribute funds to Subrecipients; review project applications to ensure that all activities are eligible; and provide technical assistance to Subrecipients. Applicants will enter into a Subrecipient agreement with DED for the CDBG-DR portion of selected projects.

NEMA and DED, along with local governments, will coordinate to fund the Match requirement of both FEMA PA and HMGP projects. DED will be responsible for on-going and direct

communication to applicants, Request for Information(s) (RFIs), monitoring the status of project eligibility, and all items related to the implementation and closeout of the Match Program. DED will also coordinate with other stakeholders (e.g., NIFA, Nebraska Department of Natural Resources (NeDNR)) to ensure appropriate information sharing across state programs.

DED is required to report to HUD on a quarterly basis, including the Quarterly Performance Report (QPRs), Action Plan, Amendment and QPRs are submitted via the DRGR system. Reporting and information management will be conducted as described in CDBG-DR Manual **Chapter 17: Recordkeeping and Data Management** and **Chapter 16: Monitoring and Compliance Plan**.

4.3 NEBRASKA EMERGENCY MANAGEMENT AGENCY (NEMA)

NEMA implements and is responsible for the oversight of obligated projects for both FEMA PA and HMGP. It also functions as the sole Subrecipient for the PA Match Program. As outlined in the Interagency Agreement (IAA) between DED and NEMA, NEMA is expected to share documentation and information as it relates to the project's status, SOW, and meeting FEMA PA requirements. In addition, NEMA will work with DED to provide critical updates throughout the lifecycle of the project and closeout.

Collaboration between FEMA and NEMA for the PA and HMGP occurs through Grants Portal, and Smartsheets. DED will have access to Grants Portal and coordinate with NEMA for updates on project progress through reports NEMA uploads to EMMIE. DED and NEMA will meet monthly to update each agency on the state of the program and projects. In addition, NEMA will assist DED in the tiering and prioritization of projects for the Match Program based on FEMA requirements, HUD requirements, and State goals for recovery and resiliency. NEMA is responsible for document retention as it relates to the PA project, see CDBG-DR Manual **Chapter 17: Recordkeeping and Data Management** for more information.

4.4 NEBRASKA INVESTMENT FINANCE AUTHORITY (NIFA)

DED will coordinate with NIFA as projects are tiered and selected for funding to identify efforts that complement other projects identified in the NIFA portfolio, while also ensuring that there is no DOB. It is not anticipated that NIFA will have a significant role in the Match Program. DED recognizes the importance of outreach to NIFA as they identify community development needs and opportunities that increase resilience and housing recovery throughout the State. This coordination aligns with the goals of recovery as contemplated in the Action Plan.

4.5 NEBRASKA DEPARTMENT OF NATURAL RESOURCES (NEDNR)

DED will coordinate with NeDNR as projects are tiered and selected for funding to identify efforts that complement other projects identified in the NeDNR portfolio, while also ensuring that there is no DOB. It is not anticipated that NeDNR will have a significant role in the Match Program. DED recognizes the importance of outreach to NeDNR as they collect and share data related to floodplains, enhancing opportunities to increase resilience and recovery throughout the State. This coordination aligns with the goals of recovery as contemplated in the Action Plan.

4.6 SUBRECIPIENTS

A Subrecipient is a public or private nonprofit agency, authority or organization, or community-based development organization receiving CDBG-DR funds from the Grantee or another Subrecipient to undertake CDBG-DR eligible activities (see CDBG regulations 24 CFR § 570.500(c)). A Subrecipient is a Grantee's partner in disaster recovery and carries out the recovery activities defined in the Action Plan.

In the PA Match Program, NEMA is the sole Subrecipient and functions as the conduit for passing information to DED for review. NEMA is responsible for passing funds back to local applicants after a project has been HUD approved and paid to NEMA by DED as per the IAA. All funds will be disbursed at or after FEMA closeout is completed. The State opted for this method of distribution because the non-federal cost share is 10% (5% State/5% Locals) and the mechanism to distribute funds locally is already set up through NEMA and the PA applicant. DED and NEMA will use that agreement to distribute CDBG-DR funding to reimburse the locals. Local applicants are required to provide additional information to DED as needed and to follow CDBG-DR rules as required. Under the HMGP Match Program, the Subrecipient is the local applicant and applies for reimbursement for the entire 25% non-Federal match amount directly to DED.

NEMA and Subrecipients are required to comply with all terms and conditions of the IAA and Subrecipient Agreements, which will incorporate Federal statutes, regulations, program requirements, and are required to meet all established performance goals. An SRA between DED and the Subrecipient will be required and will outline the relationship between the Grantee (DED) and Subrecipient (the NEMA or HMGP applicant).

The Subrecipients responsible for implementing the non-FEMA match projects include local governments, state agencies and special districts.. They must follow all requirements as per their Subrecipient Agreement, the CDBG-DR Manual, this Program Guide and any other documents as applicable.

Subrecipients have the responsibility for executing activities and programs, providing day-to-day administrative management and oversight of CDBG-DR activities in accordance with CDBG-DR requirements and DED policies and procedures. Subrecipients are responsible for establishing and maintaining financial accountability for CDBG-DR funds, complying with CDBG-DR regulations, and establishing and maintaining project files and records (see **Section 7.4: Stage Four: DED Subrecipient Selection and Setup** for further details). To help Subrecipients comply with these requirements, DED staff will provide training, technical assistance, and support to

Subrecipient staff and contractors. The nature and extent of training and technical assistance will vary based on the specific needs of each Subrecipient. For additional details regarding training and technical assistance, see CDBG-DR Manual **Chapter 3: Program Management Guide** and **Chapter 16: Monitoring and Compliance Plan**.

5 PROJECT FUNDING REQUIREMENTS

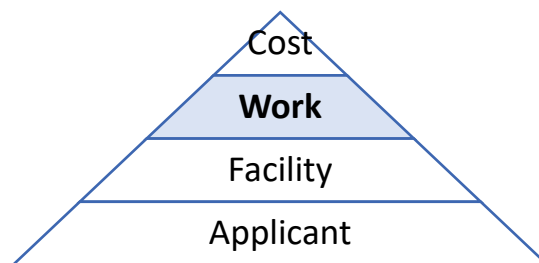
5.1 ELIGIBILITY CRITERIA

Eligibility characterizes the criteria that applicants must meet in order to receive funding through the CDBG-DR program. This section sets forth the criteria used to determine applicant eligibility for the FEMA PA and HMGP Match projects and non-FEMA match projects, as defined by requisite eligibility criteria for FEMA programs, as well as for the CDBG-DR program.

5.1.1 ELIGIBILITY FOR FEMA PROGRAMS

Inherent to an applicant’s eligibility for the CDBG-DR Match Program is an applicant’s eligibility for FEMA’s PA and/or HMGP program. FEMA determines eligibility based on an eligibility pyramid framed under four main blocks: applicant, facility, work, and cost. FEMA evaluates each building block, starting at the foundation (applicant) and working up to the top of the pyramid (cost) (see **Figure 2**).

Figure 2: FEMA Cost Pyramid



Eligible FEMA program applicants include States, federally recognized tribal governments (including Alaska Native villages and organizations so long as they are not privately owned), US territories, local governments, and certain private non-profit (PNP) organizations. Work performed on an eligible facility must be required as a result of the declared incident, be located within the designated area, and be the legal responsibility of an eligible applicant. FEMA provides funding for both Emergency Work (e.g., emergency protective measures and debris removal – Categories A and B) and Permanent Work (e.g., permanent restoration of damaged facilities, including cost-effective hazard mitigation to protect the facilities from future damage – Categories C-G).

The final component of eligibility is cost. Costs must be directly tied to the performance of the eligible work; documented; and reduced by all applicable credits (e.g., insurance); authorized and

not prohibited under other Federal, state, territorial, tribal, or local laws and regulations, consistent with the applicant's internal policies and regulations.

The costs of compliance with state and local codes and standards are eligible so long as the code or standard meets the PAs five eligibility criteria:

- Applies to the type of restoration required;
- Is appropriate for the pre-disaster use of the facility;
- Is reasonable, in writing, and formally adopted by the State, Territorial, Tribal, or local government on or before the declaration date, or is a legal Federal requirement;
- Applies uniformly; and
- Was enforced during the time it was in effect.

5.1.2 ELIGIBILITY FOR NON-FEMA PROJECTS

DED, with assistance from NEMA and local stakeholders, identified FEMA HMGP projects that did not receive funding availability. The projects were then vetted for CDBG-DR eligibility. All Non-FEMA projects must be located in the HUD identified MID.

5.1.3 ELIGIBLE USE OF FUNDS

CDBG-DR funds address disaster recovery needs that are not met by other sources of Federal disaster assistance. Using funds for CDBG-DR statutory purposes (e.g., relief, recovery, restoration, and revitalization) requires a tie-back to the qualifying event (i.e., Winter Storm Ulmer) in that these activities respond to a need that arose from the disaster (see also **Section 4.4: Tie to the Disaster**). Applicants must demonstrate the proposed project ties back to addressing damage from Winter Storm Ulmer and subsequent flooding. Funds must prioritize spending in HUD-identified MID areas and LMI populations. Per HUD requirements, 80% of funds must address needs in the HUD-identified MID and 70% of funds must support LMI population. Application tiering will be classified based on whether the project is in a HUD-identified MID and/or meets the LMI National Objective.

To be eligible for CDBG-DR funding, the applicant or Subrecipient must be eligible to apply under Infrastructure Match provisions of the Action Plan and the project must meet the following criteria:

- Have an obligated FEMA PW (PA Only);
- Be in compliance with FEMA's program eligibility criteria (PA and HMGP Only);
- Meet a CDBG-DR eligible activity;
- Meet a HUD National Objective; and
- Have a direct tieback to the declared disaster.

While 80% of the total CDBG-DR allocation must benefit HUD-defined MID areas, the remaining 20% may be directed to benefit the State-defined MID area. The portion of the funds applied as a match for any project must meet the above criteria, in addition to the requirements of DED. To determine eligibility, DED will review projects for the following (not necessarily in this order):

Federal/HUD	State Priority	Program Objective
Tie to DR-4420; Unmet Needs; Project service area; CDBG-DR Eligible activities; DOB issues/concerns; Determination of a CDBG-DR National Objective; and Compliance with Federal cross-cutting requirements.	Payment date of Federal and Local match; and Compliance with applicable State and local laws.	FEMA PA Categories C through G eligibility; and Benefiting LMI persons.

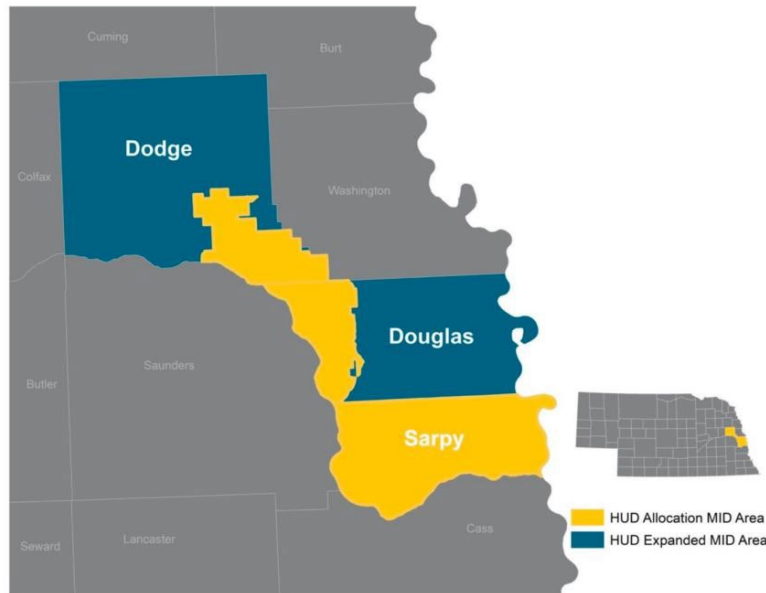
Ineligible activities for all projects unless specifically noted include, but are not limited to, the following:⁸

- General government expenses;
- Mitigation planning and any mitigation-focused projects not related to the current disaster (PA Only);
- Repair, replacement, or relocation of private roads and bridges or of public utilities not directly damaged by the qualifying disaster and not necessary for the repair or reconstruction of damaged housing;
- Political activities;
- Operations and maintenance;
- Income payments;
- Assistance to second homes;
- Replacement of lost business revenue as a result of the storm;
- Assistance to private utilities;
- Purchase of equipment (with several exceptions, e.g., as part of an eligible economic development activity, public service activity, solid waste disposal facility, or public facility project); and
- Any assistance to a business or property owner who received FEMA assistance in the past where required flood insurance has not been maintained.

Under PA Match, CDBG-DR funds may not be used to expand a project beyond what FEMA approves in a PW. Additionally, all potential applicants must be located either in the HUD- or State-defined MID areas, as described within the Action Plan. The HUD-defined MID area consists of Sarpy, Dodge, and Douglas counties (see **Figure 3**). See the [Action Plan](#) for a list of State-defined MID areas.

⁸ 24 CFR § 570.207.

Figure 3: HUD-defined MID Areas



5.2 ELIGIBLE ACTIVITIES

All projects funded in whole or in part by CDBG-DR must meet a HUD eligible activity as defined in Section 105(a) of the Housing and Community Development Act (HCDA), as amended, (42 USC 5305(a)).⁹ When CDBG-DR funds are used as non-Federal match for another Federal funding sources, HUD requires that the project meet both the primary Federal agency requirements and be an eligible activity under CDBG-DR. For the Match Program, this includes:

- Acquisition of real property;
- Public facilities and improvements;
- Code enforcement;
- Clearance;
- Public services;
- Structural elevations;
- Flood risk reduction;
- Infrastructure retrofits;
- Non-Federal share; and
- Planning.

5.2.1 ELIGIBLE APPLICANTS

⁹ 42 USC 5305.

Applicants eligible to receive Match Program funding include:

- Local governments;
- State agencies, departments, and authorities, including housing agencies;
- Tribal Territory governments;
- Public schools (K-12);
- Universities;
- Critical infrastructure facilities as defined by FEMA (e.g., wastewater and potable water facilities);
- Natural Resource Districts (NRDs); and
- Other local program applicants are eligible to receive Federal recovery funds, including but not limited to eligible private and public non-profit organizations.





5.2.2 ELIGIBLE COSTS

HUD differentiates between **project costs** and **activity delivery costs (ADCs)**. There is an up to 15% cap on ADCs line items which may vary based on the Subrecipient Agreement. In the context of the Match Program, project costs are the direct costs of undertaking a project that can be tied to a final cost objective and eligible activities. ADCs are the costs incurred directly related to delivery of a specific Match project; these costs are not required to be tied to a specific address but must be tied to the delivery of eligible project costs. **Table 4** provides examples of both types of costs.¹⁰ **Not all project costs and ADCs listed below may be eligible in the context of the Match Program.**

See also CDBG-DR Manual **Chapter 4: Financial Management** for cost principles and other requirements.

¹⁰ For a complete list, refer to HUD Guidance, CDBG-DR Cost Types Summary – Guidance on CDBG-DR Costs, <https://www.hudexchange.info/programs/cdbg-dr/toolkits/program-launch/>. This may include costs not eligible under Nebraska's CDBG-DR Program pursuant to the UNA and Action Plan.

Table 5: Project and Activity Delivery Costs

		Project Costs	Activity Delivery Costs	
Infrastructure Match Program Eligibility	PA			<ul style="list-style-type: none"> NEMA as DED's Subrecipient.
	HMGP			<ul style="list-style-type: none"> NEMA acting as agency partner. Subrecipient local jurisdictions
	Non-FEMA Match			<ul style="list-style-type: none"> Subrecipient state and local jurisdictions, including special districts
Examples		<ul style="list-style-type: none"> Environmental Reviews (if completed by the Subrecipient or applicant for review and approval by the Responsible Entity); Acquisition costs; Construction hard costs; Demolition and site clearance; Architecture, engineering, and permits; 	<ul style="list-style-type: none"> Environmental Reviews (if completed by Grantee or Subrecipient); Development of program policies and procedures necessary to implement the program; Duplication of Benefits review and analysis; Completing work writeups; Conducting underwriting or applicant selection; Leased office space for single program operation; Equipment and supplies necessary for carrying out eligible activity; and Applicant intake/eligibility screening for a specific program that does not result in eligible project or beneficiary. 	

	Project Costs	Activity Delivery Costs
Who can incur these costs?	Grantees, Subrecipients (if operating the program directly), Contractors, and program beneficiaries (e.g., individuals).	Grantees and Subrecipients.
Infrastructure Match Program Cap	Individual Project cap is \$25,000,000 for FEMA PA and HMGP projects, and \$10,000,000 for non-FEMA match projects.	<ul style="list-style-type: none"> • Cost Reasonableness applies. • For an eligible Subrecipient, DED will work with the Subrecipient to determine the appropriate cap; based on criteria such as how many projects the Subrecipient will implement and manage.

5.3 NATIONAL OBJECTIVES

To meet HUD requirements, all projects funded in whole or in part by CDBG-DR must meet at least one National Objective as described in the applicable Federal Register Notice (see 83 FR 5844, February 9, 2018)¹¹ 24 CFR § 570.483(b) and HUD’s Guide to National Objectives and Eligible Activities for State CDBG Programs.¹²

- Benefitting LMI persons:
 - Area benefit basis (LMA);
 - Limited clientele basis (LMC);
 - Housing (LMH); or
 - Creation and/or retention of jobs (LMJ).
- Address an urgent need or imminent threat to the community (UN).

The slum and blight area (SBA) National Objective is generally not applicable to the Infrastructure Match Program due to the nature of the projects. Furthermore, SBA is rarely applicable in the CDBG-DR Program.

Eligible National Objectives under the Match Program are limited to benefiting LMI persons and UN. To make an initial National Objective determination, DED should review project SOWs to determine whether the project and/or activities will, when complete, meet a National Objective through the pre-application and application for funding. Subrecipients will be required to identify

¹¹ 83 FR 5844.

¹² “Guide to National Objectives and Eligible Activities for State CDBG Programs” HUD.

which National Objective they meet in the pre-application or application. In most cases, the National Objective can be verified based on information provided within the PA and HMGP Pre-Application (e.g., service area) and/or the Application for Funding, though DED may request additional documentation as needed. For further detail, see ***Infrastructure Match Program Notice of Intent (NOI) Letter and Pre-Application Form*** and ***Application for Funding templates***.

The following sections describe the National Objectives LMI and UN in context of the Match Program and how a Subrecipient may demonstrate meeting of the appropriate National Objective.

5.3.1 BENEFITING LMI PERSONS

As per the HCD Act, Title 24, Section 101(c), Section 104(b), 570.1, 570.200(a)(3), 570.208(a)(d)(5) or (6), 70% of total CDBG-DR funding must go to projects that benefit LMI persons.¹³ The remainder of these subsections provide a basic description of the criteria associated with meeting the LMI benefit. It is anticipated that area benefit will be the most common approach, though the others may also be used depending on the nature of the project.

5.3.1.1 Area Benefit

The most common approach to demonstrating that public facilities activities meet CDBG-DR National Objective requirements is through area benefit as defined at 24 CFR § 570.483(b)(1).¹⁴ To demonstrate a project or activity meets the Area Benefit National Objective, DED must use the best available HUD-approved data, in conjunction with the FEMA PW when applicable, to assess the scope, location, and accessibility of the activity. LMI area benefit activities are those where at least 51% of beneficiaries in a service area are LMI persons, as determined by:

- The most recent Census or American Community Survey (ACS) data; or
- If the geographies provided do not adequately represent the service area, Subrecipients may consider conducting a survey to determine LMI compliance or reconsider the National Objective and activity.

5.3.1.2 Limited Clientele

Projects that provide assistance to a specific population approved by HUD meet the LMI limited clientele National Objective as defined at 24 CFR § 570.483(b)(2).¹⁵ To qualify as a Limited Clientele activity, the supporting documentation in the Application for Funding must clearly explain how the project meets one of the following criteria:

¹³ “CDBG and CDBG-DR: A Comparison.” HUD.

¹⁴ “Notice CPD-14-10: Transition Policy for Low/Moderate Income Summary Data Updates during Fiscal Year 2014 for the State Community Development Block Grant Program.” HUD.

¹⁵ 24 CFR § 570.483.

- Activities that exclusively serve a group of persons in any one or a combination, but not limited to, elderly persons, disabled individuals, homeless individuals, may be presumed to benefit persons of which at least 51% are LMI.
- Require information on family size and income, so it is evident at least 51% of the clientele are persons whose family income does not exceed LMI limits;
- Have income eligibility requirements that limit the activity exclusive to LMI persons; or
- Be of such a nature and in such a location that it may be concluded that the activity's population will primarily be LMI persons.

The Low- and Moderate-Income Limited Clientele (LMC) is most often used for public service activities benefiting specific populations. In contrast to the area benefit category, it is not the LMI concentration of the service area of the activity that determines whether the activity will qualify or not, rather the actual number of LMI persons-80% of the Area Median Income (AMI) that benefit from the activity. It may benefit persons without regard to their residence, or it may be an activity that provides a benefit to only particular persons (e.g., services for seniors, homeless shelters, micro loan programs) within a specific area.

Examples of activities that qualify under the limited clientele category include:¹⁶

- Acquisition of a building to be converted into a shelter for the homeless;
- Rehabilitation of a center for training severely disabled persons to enable them to live independently;
- Clearance of a structure from the future site of a neighborhood center that will exclusively serve the elderly; and
- Public services activities like the provision of health services.

The listed examples qualify under the limited clientele category because the beneficiaries can be identified as LMI residents.

5.3.1.3 Housing Activities

Low-to-Moderate Income Housing (LMH) is a household having an income equal to or less than Section 8 low-income limit established by HUD. DED will primarily conduct activities that meet this objective through its housing programs, including the Affordable Housing Construction Program and the Homeowner Assistance Program.

Infrastructure activities may also support housing projects and therefore meet LMH benefit. Examples of activities that qualify under the LMH category include:

- Projects that increase draining capacity in order to lessen the likelihood of flooding in a residential neighborhood;

¹⁶ "Chapter 3: National Objectives." HUD.

- HMGP-funded buyout projects; and
- Infrastructure projects that increase access to neighborhoods providing affordable housing (e.g., roads, bridges).

5.3.1.4 Job Creation and Retention Activities

Pursuant to 24 CFR § 570.483(b)(4)¹⁷, job creation and retention activities are designed to create or retain permanent jobs, at least 51% of which (computed on a full-time basis) will be made available to or held by LMI persons. Created or retained jobs are only considered available to LMI persons when:

- Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs or the business agrees to hire persons and provide training; and
- The Subrecipient takes action to ensure that LMI persons receive first opportunities to the jobs created by the project.

5.3.2 URGENT NEED

If a Subrecipient certifies a project responds to a disaster-related impact but does not meet the LMI National Objective, DED may categorize the project as UN. DED will rely on Subrecipient to submit the documentation supporting the use of the UN National Objective. Documentation requirements are set forth in the applicable Federal Register Notice (see [83 FR 5844](#) at 5856, February 9, 2018). To meet UN, DED must verify how each program and/or activity funded under UN responses to a disaster-related impact.

DED will make maximum efforts to qualify projects/activities as meeting the LMI benefit National Objective. Only when LMI cannot be met will DED consider UN.

5.4 TIE TO THE DISASTER

All entities applying to the Match Program must have been impacted by Winter Storm Ulmer (DR-4420) to receive assistance. Pursuant to the Stafford Act, FEMA PA and HMGP can provide grants in response to disasters. Applicants will document that they demonstrate a tie-back to the disaster in the form of a narrative description in the application for funding, with supplemental information provided, if necessary, such as:

- Damage or insurance estimates for physical losses; or
- Post-disaster analyses or assessments documenting the relationship between the loss and the disaster.

¹⁷ 24 CFR § 570.483.

Narratives will be maintained in the DED system of record, as described in CDBG-DR Manual **Chapter 17: Recordkeeping and Data Management**. In addition, the State will pre-identify beneficiaries for FEMA PA and/or HMGP funds who may be eligible for local match. DED will release a Notice of Intent (NOI) to eligible applications. The Match Program **may not** provide assistance for activities that:

- Address a need that arises solely from a disaster other than Winter Storm Ulmer; or
- Address a need that has already been met in full by some other financial resource and the provision of CDBG-DR would constitute a duplication of benefit.

Subrecipients and beneficiaries are required to submit and maintain tie-back documentation. This documentation can be found in the **Application for Funding Template**.

5.5 TIERING CRITERIA

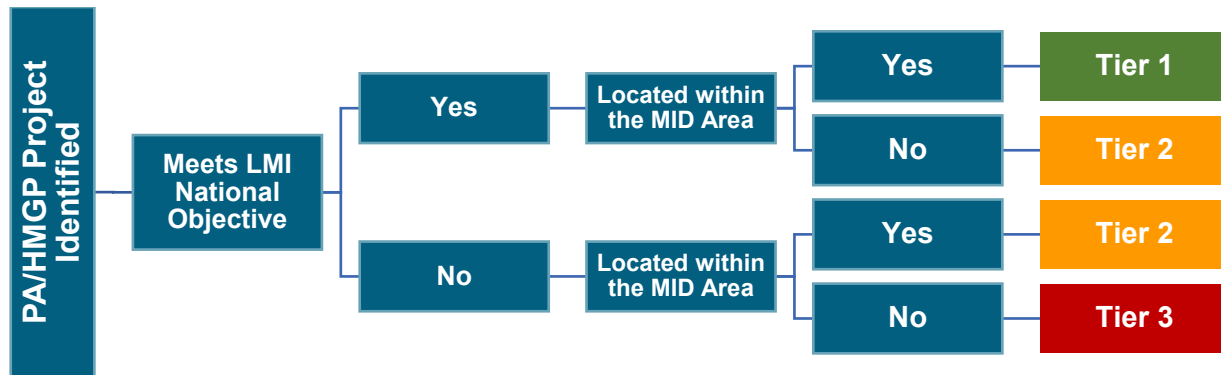
As per the DED Action Plan, projects are sorted into three tiers according to their impact on HUD-defined MID areas and whether they meet the LMI National Objective (see **Table 5**).

Table 6: Project Tiering

Tier	Description
1	Project is located in a HUD-defined MID area and meets the LMI National Objective.
2	Project is located in a HUD-defined MID or meets the LMI National Objective.
3	Project is not located in the HUD-defined MID and does not meet the LMI National Objective.

Upon working with State partners and reviewing obligated FEMA projects, and before applying any other scoring criteria, all submissions are categorized into Tier 1, Tier 2, or Tier 3. Each tier is scored independently. Projects that fall within Tier 1 are recommended for an award before Tier 2 projects are considered. Tier 3 projects are not considered until the program has reviewed all Tier 1 and Tier 2 projects (see **Figure 4**).

Figure 4: Match Program Tiering Process Flow



DED will conduct project tiering by obtaining project information from Grants Portal and utilizing the pre-application form see **Infrastructure Match Program Notice of Intent (NOI) Letter and Pre-Application Form and/or Application for Funding**. At the State level, DED monitors the overall program budget to maintain sufficient progress in meeting LMI and MID spending targets for the full life of the grant.

Projects that have been prioritized by the tiering system are further evaluated for the following:

- Support to LMI communities as 70% of the State’s CDBG-DR funding is designated to benefit LMI populations;
- Support to MID communities as 80% or more of funding is designated for HUD-defined MID counties;
- Service area;
- Meeting Federal cross-cutting requirements, see CDBG-DR Manual **Chapter 2: Program Administrative Requirements**;
- Total project cost in proportion to total projected beneficiary population;
- Project cost reasonableness that demonstrates costs do not exceed what would be incurred by a prudent person under prevailing circumstances at the time the decision was made¹⁸;
- Demonstrated tie to housing recovery needs;
- Project readiness, considering Environmental Review, implementation timeline, and demonstrated progress under current funding;
- Total proportion of the applicant’s local match (i.e., prioritizing projects that reflect a significant percentage of the total match); and
- Alignment with other resiliency projects and State policy objectives.

The Match Program also aims to invest in projects that increase the strength and resilience of the State. Specifically, this includes considering hazard risk (e.g., flood risk) when determining

¹⁸ NEMA analysis verifies reasonableness during the initial review (to be validated through use of PWs to perform independent cost analysis and reasonableness when reviewing applications).

resource allocation during the planning phase, adopting and enforcing modern or resilient building codes, and mitigating hazard risk, including possible high winds and flooding. Projects under the Match Program implement mitigation and resilience measures to protect against future hazards. Aligned with the CDBG-DR Program priorities, DED shall work to actively identify projects that:

- Emphasize green infrastructure;
- Increase capacity for resilience by upgrading stormwater and drainage infrastructure;
- Demonstrate a tie to housing recovery;
- Align with local planning efforts; and
- Align with needs outlined in the UNPs and Nebraska’s Baseline Conditions and Impact Assessment Report.

The DR-4420 Action Plan establishes a 10% funding target for investment in mitigation and resiliency measures for CDBG-DR activities. This target corresponds with a target allocation of \$6,349,110 for mitigation and resilience under the Infrastructure Match Program.

6 CITIZEN PARTICIPATION

As defined within the state’s Citizen Participation Plan, DED recognizes the importance of public participation in the process of disaster recovery, particularly those most vulnerable to the impacts of the disaster.¹⁹ This includes residents of impacted areas, LMI individuals, and people with access and functional or limited English proficiency.

For more information, see the *Citizen Participation Plan*.

6.1 PUBLIC ENGAGEMENT

DED is dedicated to soliciting feedback from, and providing timely, accessible information about the Match Program to, all relevant stakeholders throughout the life of the program. This approach is rooted in the DED Citizen Participation Plan applicable to the CDBG-DR grant. For more information, see the *Citizen Participation Plan*.

All publications and communication related to the Match Program will comply with the effective communications requirements of 24 CFR § 8.6²⁰ and other fair housing and civil rights requirements, such as the effective communications requirements under the American with Disabilities Act (ADA).

6.2 WEBSITE

¹⁹“[State of Nebraska DR-4420 Citizen Participation Plan.](#)” DED.

²⁰ 24 CFR § 8.6.

DED has a website with CDBG-DR information on the Department's website, located at <https://opportunity.nebraska.gov/>. The DR program-specific page is at <https://opportunity.nebraska.gov/programs/community/cdbg-dr/>. Pursuant to Federal requirements as described in the FR published on February 9, 2018 (83 FR 5844), some information – including contractor information related to this Match Program – must be posted and maintained. For more information, refer to CDBG-DR Manual **Chapter 17: Recordkeeping and Data Management**.

DED will continue to update and release guidance (e.g., FAQs) for the Match Program to provide the community an opportunity to learn more about the program's requirements. DED will utilize public outreach, meetings, public comment periods to request questions and comments related to the materials and update Match Program documents appropriately.

DED updates their website in a timely manner to ensure the most current information is available publicly. At a minimum, the website is updated monthly. Primary program materials (e.g. Action Plan and Citizen Participation Plan) on the website will be available in both English and Spanish.

The program materials on the website are available upon request to people with disabilities. The Action Plan and other materials on the DED CDBG-DR website are already uploaded in accessible formats for people who use screen readers. For assistance with website accessibility or translations into language other than English or Spanish, call 800-426-6505, email DED using the contact form at <https://opportunity.nebraska.gov/contact/#form>, or write a letter to:

Nebraska Department of Economic Development
245 Fallbrook Blvd, Suite 002
Lincoln, NE 68521

Los materiales del programa disponibles en la página web están disponibles previa petición para personas con discapacidades. El Plan de Acción y otros materiales en la página web de DED CDBG-DR ya han sido subidos en formatos accesibles para las personas que usan lectores de pantalla. Para obtener ayuda con temas de accesibilidad de la página web o traducciones a otros idiomas que no sean inglés o español, llame al 800-426-6505, envíe un correo electrónico al DED usando el formulario de contacto en <https://opportunity.nebraska.gov/contact-us/>, o escriba una carta a:

Nebraska Department of Economic Development
245 Fallbrook Blvd, Suite 002
Lincoln, NE 68521

6.3 MEETINGS

Community meetings will be held as part of the Match Program implementation in a variety of formats, including in-person and online. These meetings will provide residents of MID areas and

other stakeholders or interested parties with an opportunity to learn more about Match Program activities in their area and to provide input.

For more information, see the *Citizen Participation Plan*.

7 APPLICATION AND AWARD PROCESS – FEMA PA AND HMGP PROJECTS

This section describes in detail the method for implementing the Match Program for FEMA PA and HMGP projects, as defined in the following six (6) stages, **Table 6**. Under HMGP, each project is the subject of an individual Subrecipient Agreement and DED works directly with the applicant/Subrecipient. Under PA, NEMA serves as the Subrecipient for all projects, and DED works with the PA applicants to review project applications.

Table 7: Six (6) Stages and Outcomes

Stage	Outcomes
Stage One: Identify FEMA-Obligated PA and HMGP Projects	DED conducts a preliminary review of PA and HMGP projects. DED issues an NOI and Pre-Application to confirm initial eligibility. NEMA and DED execute a Subrecipient Agreement for PA projects.
Stage Two: Project Analysis	DED reviews Pre-Applications. DED tiers Pre-Applications based on LMI and MID. DED notifies applicants if they are moving into the Application for Funding phase.
Stage Three: DED HMGP Subrecipient/PA Applicant Selection and Setup	DED completes PA and HMGP Application for Funding on behalf of the applicant based on documentation provided by the applicant. Applicants review, verify, and sign the final Application for Funding. For approved projects, DED initiates SRA process.
Stage Four: Detailed Project Vetting	DED conducts a Detailed Eligibility Review of PA and HMGP projects. HMGP reviews are ongoing based on project progress status. DED reviews FEMA’s environmental review for adoption.
Stage Five: Subrecipient Payment	DED reviews all financial documentation and notifies the Subrecipient that the project is ready to be paid.

	<p>Subrecipient submits request for funds in AmpliFund, and DED submits the request to HUD. In coordination, DED and Subrecipient submit their RROF to HUD. If approved, HUD grants an AUGF and DED pays the Subrecipient.</p>
<p>Stage Six: Reconciliation and Closeout</p>	<p>DED closes out the CDBG-DR project.</p>

7.1 STAGE ONE: IDENTIFY FEMA-OBLIGATED PA AND HMGP PROJECTS

DED will conduct the Match Program’s preliminary review by generating a list of eligible projects based on the eligibility and prioritization review. If DED needs more data to make a decision, outreach can be made to the applicants. DED will issue a Notice of Intent (NOI) and PA and HMGP Pre-Application to invite applicants to submit additional information to confirm eligibility, see ***Infrastructure Match Notice of Intent (NOI) Letter and Pre-Application Form***.

7.1.1 IDENTIFYING FEMA OBLIGATED PROJECTS

The full SOW identified in the PW must comply with all FEMA PA and HMGP requirements. FEMA will obligate funds to a PW once it has been identified as in compliance with the program(s). DED will have access to Grants Portal, where all projects are entered, reviewed, approved, and obligated by FEMA.

The criteria for identifying match projects in addition to LMI and MID, is Project Size. When FEMA obligates a PW, it provides funds to an applicant to initiate work. To facilitate how FEMA processes and reimburses applicants for work, FEMA categorizes the work into two categories, “Small” and “Large” projects, based on the total dollars provided to the project. The split between the Small and Large categories is determined by using the annual Consumer Price Index, resulting in project threshold size varying by year. DED, through its project review process, collects documentation equally for Small and Large projects to determine eligibility; however, it may decide to use the project size categorization to prioritize reviews for an applicant.

7.1.2 STATE-ISSUED NOTICE OF INTENT (NOI)

The purpose of the Notice of Intent (NOI) is to capture all pre-application information to confirm eligibility. The benefit of using an NOI is to aid in project selection and ensure Subrecipients fulfill all CDBG-DR eligibility requirements (e.g., service area, National Objective, DBRA).

Project pre-applications are drafted by applicants with assistance from DED. The purpose of the pre-application process is to document the following:

- How the project meets HUD’s National Objectives of Low to Moderate Income (LMI) and Urgent Need (UN);
- How the project is an eligible activity; and
- How the project is tied to the disaster.

The State will pre-identify beneficiaries of FEMA-PA and/or HMGP funds who may be eligible for the Match based on the LMI tiering. The pre-application consists of the following: a project description; tie to disaster; assigned National Objective; project eligibility review under 24 CFR § 570.483; project cost estimate; and statement of justification and recommendation.

Following the release of the NOI, applicants have 60 days to complete and submit the NOI detailing eligible Match Program projects. Applicants may choose to opt out at any given time if the applicant decides to not pursue CDBG-DR Infrastructure Match funding, see ***Infrastructure Match Program – Opt-Out Notification Letter***. If applicants deny the funding, they should notify the State. If applicants do not respond within 60 days, they are no longer eligible. See ***Infrastructure Match Program Notice of Intent (NOI) Letter and Pre-Application Form***.

Applicants can submit NOI response/pre-application to: ded.cdbgdr@nebraska.gov.

7.2 STAGE TWO: PROJECT ANALYSIS

During Stage Two, DED reviews the NOI Pre-Application to determine National Objective, LMI, non-LMI, HUD-identified MID (e.g., Sarpy, Dodge, and Douglas counties), non-MID, and eligible SOW.

7.2.1 SERVICE AREA DETERMINATION

To demonstrate the applicable National Objective for a project submitted under the Match Program, DED, with assistance from NEMA and PA or HMGP applicants, must determine the service area for the activity. To determine the project’s service area, DED and its partners will review the information contained within the FEMA PW to assess the scope, location, and accessibility of the activity, in addition to current Census boundary data. The following should be considered when determining the service area of a project:

- **The nature of the activity:** The size of and equipment required for an activity must be taken into consideration. As an example, a small park with a limited number of slides and benches should not be expected to serve a large neighborhood. In the same way, a larger park that can accommodate a considerable number of people should not be expected to serve only immediately adjacent properties. The same applies to improvements or assistance to an alleyway versus a two-lane street versus a four-lane street in the same neighborhood. The service area for each of these infrastructure projects is different in size and population;
- **The location of the activity:** In general, the immediate area surrounding a facility or improvement should be included in the service area. Additionally, when a facility is located

near the boundary of a particular block group, its service area could include portions of the adjacent block groups as well. If the activity's service area overlaps multiple block groups, the entirety of the data for all block groups may be used;

- **Accessibility issues:** Geographic barriers can separate and preclude persons residing in a nearby area from taking advantage of a facility or improvement. Other limits to accessibility can include access fees, language barriers, time, access to transportation and parking or duration that an activity is available;
- **The availability of comparable activities:** Comparable activities within the service area should be considered so that the service area does not overlap with the service area of another comparable activity; and
- **Boundaries for facilities and public services:** The service area for some public facilities and services is based on specified and established boundaries or districts. Examples of such services and facilities are police precincts, fire stations, and schools.

CAUTION: An activity that serves an area that is **not** primarily residential in nature does not qualify as a CDBG assisted activity under the National Objectives.²¹

7.2.2 FINAL TIERED PROJECT LIST

DED will review and finalize the list of projects that have been vetted by all partners and those that have been prioritized based on the tiering system (see **Section 5.5: Tiering Criteria**). To assist DED in determining the final list of projects, the following criteria are evaluated and documented on the Detailed Eligibility Checklist.

- National Objective;
- Eligible activity;
- Project service area;
- Tie to the disaster;
- Connection to unmet housing needs;
- Overall impact, timeline, and cost; and
- Capacity of the applicant to manage funds responsibly.

After the pre-application review and project tiering is concluded, DED notifies applicants if they are moving into a Detailed Eligibility Review via the Pre-Application Tiering Outreach Letter. If a project is deemed ineligible, DED notifies applicants of ineligibility via an Ineligibility Letter. Applications for Funding were prepared ahead of Eligibility Reviews. For the projects that meet initial eligibility requirements, DED will conduct a secondary, more in-depth review of project applications and supporting documentation to further confirm eligibility.

²¹ 24 CFR § 570.483.

7.3 STAGE THREE: DED SUBRECIPIENT SELECTION AND SETUP

Subrecipient Selection for the PA and the HMGP programs differ according to the current process in place with DED and the entity. For the PA program, NEMA has agreed to act as a pass-through entity for DED and will hold the SRA for all PA projects under the Infrastructure Match program. All final payments will be disbursed from NEMA as the entity that holds the SRA. All entities, townships, and applicants who are deemed eligible after review will be included in the final SRA executed by NEMA.

The term and definition of a Subrecipient will differ for HMGP applicants as the entity, township, or local jurisdiction will execute an SRA for each project with DED. The local entity will maintain all compliance and requirements that are outlined in the SRA which include grant management, administration, and providing the needed documentation that will be needed for HUD's review.

7.3.1 SUBRECIPIENT SELECTION

After applicants have been fully vetted and verified as eligible for the program, DED will proceed with Subrecipient selection. DED will identify applicants as CDBG-DR Subrecipients that have the capacity to receive the CDBG-DR funding and reimburse eligible work. Prior to the detailed eligibility review, the DED will review the NOI pre-application to determine if the project is eligible based on the criteria outlined above.

DED will also review the organization or local government for the following:

- Past experience in grants management. Additional consideration may be given to entities that have experience implementing or administering Federal funds;
- Staff's past experience in implementing or administering a similar type of project;
- Sufficient staffing level available to implement and administer the project. Staff capacity will be evaluated on existing levels or a proposed reasonable timeline for expanding staff capacity to meet the project or program needs;
- Financial management systems and capacity to support, track, document, and implement a cost-reimbursement program or project. Items that will be considered when reviewing an entity's financial management systems and capacity may include an assessment of the entity's audited financial statements, record-keeping methods, financial systems, or written procedures manual for financial management;
- Past performance related to any local, State, or Federal funding program (if available), and general financial standing; and
- Other criteria, as required by the complexity and nature of the project.

Nebraska Subrecipients are considered "high risk" and will receive detailed oversight and monitoring throughout the process.

7.3.2 APPLICATION FOR FUNDING

Prior to the completion of the Detailed Eligibility Checklist, DED will complete the PA and HMGP Application for Funding on behalf of the applicant. However, the applicant will be required to review, verify, and sign the Application for Funding and submit it to DED via ShareFile, see **Application for Funding Template**. The complete Application for Funding will be located in both the DED and Subrecipient's file, noting that the match funding has been approved. The Application contains and further evaluates all the CDBG-DR eligibility components of the Match Program. The application for funding cannot be approved until the SRA is executed. For projects deemed ineligible, applicants will receive a **Notice of Non-Selection**.

7.3.3 HMGP SUBRECIPIENT AGREEMENT PROCESS

Before funds are allocated to a Subrecipient, the Subrecipient must establish the Grantee-Subrecipient relationship through a Subrecipient Agreement (SRA). The SRA:

- Establishes the relationship between DED and the Subrecipient;
- Defines roles and responsibilities;
- Lays out the requirements of the grant; and
- Allows for CDBG-DR grant funds to follow the Grantee through the Match Program.

Before disbursing any CDBG-DR funds to a Subrecipient, DED shall sign a written SRA with the HMGP applicants. The SRA shall remain in effect during any period that the Subrecipient has oversight and responsibility to distribute the CDBG-DR funds. To inform a Subrecipient that they are being awarded funds, see **Notice of Award**. For projects receiving CDBG-DR funding, individual amendments may be utilized to update the original SRA. As appropriate, each amendment will include the scope, budget, time and performance metrics of the applicable phase. Should scope and budget change significantly during construction, change orders will be considered on a case-by-case basis.

Once obligated projects are closed out under FEMA, an SRA may be amended to reflect the updated match amount and final SOW. All amendments to the SRA will be incorporated by written amendment and will not be effective until signed by both DED and the Subrecipient. While amendments may be made prior to project closeout, DED encourages amendments to be made once the project SOW has been finalized (i.e., at project closeout).

7.3.4 NON-SELECTS AND REFERENCE TO COMPLAINTS/GRIEVANCE PROCESS

Not all applications may be selected for an award. All non-select applicants will be issued a notice of non-selection that describes reasoning for the determination as assessed by DED (e.g., ineligible activities, project location, etc.). See also **Section 5.1: Eligibility Criteria**.

Applicants who wish to submit a complaint related to the Match Program or any other matters related to CDBG-DR funded programs, may do so using contact information provided on the DED

website available at https://opportunity.nebraska.gov/program/cdbg_dr/#citizen-participation-complaint. A complaint form is also available at <https://opportunity.nebraska.gov/cdbg-dr-citizen-complaint-form/>.

Questions regarding the Match Program and other CDBG-DR programs should be directed to the DED DR Team via email at ded.cdbgdr@nebraska.gov or by calling toll free 800-426-6505.

7.3.5 POST-AWARD REQUIREMENTS

Once funding is awarded and the SRA is executed, DED will monitor the project for compliance with requirements set forth in the SRA and all applicable Federal and State regulations. The expected period of performance following the award is two (2) years. Subrecipients must maintain documentation related to their plans as set forth in **Section 7.5: Records Retention**.

DED also ensures compliance in accordance with the reporting requirements of the CDBG-DR Program. This includes collecting all information and reports as required under the SRA and demographic data, other information, and project documentation from the Subrecipients. For more information about post-award requirements, refer to **Section 8: Monitoring and Compliance**.

For a summary of reporting requirements, see CDBG-DR Manual **Chapter 17: Recordkeeping and Data Management**.

7.4 STAGE FOUR: DETAILED PROJECT VETTING

7.4.1 DETAILED PROJECT VETTING

Following the Application for Funding submissions, DED will conduct a detailed eligibility review utilizing the Detailed Eligibility Checklist, which includes, but is not limited to, the following reviews:

- Project information;
- Financial management;
- Federal and cross-cutting requirements;
- Force Account Costs;
- Procurement requirements; and
- Match share amount.

The match share amount will be determined case-by-case based on the applicability of either Traditional or Flexible match rules. DED will request any missing documentation in writing, with the request that applicants provide the requested documents or an appropriate plan to retrieve the requested documentation within 14 calendar days of receiving the request. Applicants who do not complete their applications in a timely manner may be subject to dismissal from the program, at the discretion of DED.

A full list of applicable cross-cutting requirements is included in CDBG-DR Manual **Chapter 2: Program Administrative Requirements**. Additional details are also provided below in **Section**

8: Monitoring and Compliance. Furthermore, HMGP projects that have acquisition components will need to adhere to URA standards, additional details are included in CDBG-DR Manual **Chapter 12: One-for-One Replacement.**

7.4.1.1 Procurement Requirements

FEMA PA and HMGP applicants and DED Subrecipients must comply with Federal procurement standards at 2 CFR § 200.318 through 2 CFR § 200.327²² as a condition of receiving FEMA and HUD funding. In addition to the requirements set forth below, these standards are outlined in **Chapter 5: Procurement and Eligibility Checklist.** To conduct this review, DED will:

- Obtain the applicant's procurement policy and maintain an electronic copy.
- Determine the costs associated with the Match obligation and record this on the PA and HMGP Pre-Application, see **Infrastructure Match Program Notice of Intent (NOI) Letter and Pre-Application Form.**
- Review the applicable procurement policy and record approval on the Detailed Eligibility Checklist.
- Collect Force Account Labor documentation and record, review, and approve on the Detailed Eligibility Checklist. Applicants may use Force Account Labor and materials to perform work.
- If the work is completed using only force account resources, procurement documentation is not required; however, supporting documentation contained in the file supports the use of force account labor.
- If the work is completed in part or in whole using contracted resources, DED determines if the contracted resources were procured before or after the Subrecipient was notified.
- If the work is ongoing or has not started at the time of notification, the Subrecipient must adhere to procurement requirements that conform with HUD requirements when and where practical.
- Document the results of the review as part of the Detailed Eligibility Checklist.

There are PA and HMGP applicants who will procure goods or services before they know whether CDBG-DR grants are available through the Match Program. For these applicants, the DED recommends including language in the procurement solicitation documents that the contract may be amended from time to time to expand the scope to include work funded by other Federal sources, subject to applicable requirements. This allows the contract to change in the future to include terms mandated for CDBG-DR assisted contracts (e.g., Section 3, DBRA, URA, etc.).

7.4.1.2 National Environmental Policy Act

Every CDBG-DR-assisted project must comply with NEPA and other related Federal and State environmental laws. HUD's implementing regulations for environmental requirements are found

²² 2 CFR § 200.318.

at 24 CFR § 58.²³ An Environmental Review is necessary for all assisted projects, including projects funded partially or in full by CDBG-DR. In addition to the requirements set forth below, these standards are described in further detail in CDBG-DR Manual **Chapter 8: National Environmental Policy Act**. The subrecipient responsibility entity (RE) must complete the Environmental Review before DED obligates any funds to the project, regardless of the source. For more information, see Section 7.5.1: **Request for Release of Funds (RROF)**, **Chapter 8: National Environmental Policy Act** and **Chapter 9: Environmental Review**.

7.4.1.2.1 FEMA Environmental Adoption Process

The Subrecipient does not need to supplement FEMA’s Environmental and Historic Preservation (EHP) review to comply with HUD regulations, and all Environmental Review obligations are considered complete when the Grantee adopts FEMA’s review. HUD Subrecipients may adopt FEMA’s review if it previously performed one for assistance under the Stafford Act. To adopt another Federal agency’s review, DED and Subrecipient must request a complete electronic or paper copy of the FEMA Environmental Review Record (ERR), the RE will review the FEMA ERR to ensure the scope of work includes all elements of the project proposed for HUD funding, and lastly, DED and the Subrecipient confirm in writing that they will adopt FEMA’s NEPA review using a RROF form. Projects in the FEMA PA and HMGP Match programs will adopt FEMA’s environmental review. See Section 7.5.1: *Request for Release of Funds (RROF)* for additional information.

7.4.1.3 Program Income

Following the requirements of 24 CFR § 570.489(e)(3)(i) regarding program income (i.e., gross income that is directly generated from a CDBG-funded activity).²⁴ All program income must be returned to the State. As part of a standard Subrecipient agreement, any CDBG-DR funded projects will require Subrecipients to submit a preliminary plan on program income, if applicable. The plan will include preliminary income projections, options for dilution and offset, as well as options to spend program income. A more detailed program income plan may be requested from the Subrecipient as part of the closeout process. For more information on Program Income, refer to CDBG-DR Manual **Chapter 7: Program Income**.

7.4.1.4 Force Account Labor

To complete a Force Account Labor review, DED will:

- Review the fringe and benefits calculation for accuracy;
- Review and confirm all timesheets have signatures;
- Review and confirm employee names, titles, and standard time and overtime hours by day, work order, description of work performed, and hourly rate;

²³ 24 CFR Part 58.

²⁴ “Smart Management of Program Income.” HUD.

- Review unions, labor, or bargaining agreements, if applicable;
- Review supporting documentation for compliance; and
- Review proof of payments (i.e., detailed payroll register) for accuracy and compliance.

To complete a Force Account Equipment and Material review, DED will:

- Review any applicable procurement, contracts, and purchase orders;
- Review equipment listing, ID numbers, equipment descriptions, and hourly rates for compliance;
- Review usage documentation; equipment references or ID numbers; and hours by day, employee or operator, hourly rate, and sign off;
- Review list of materials, quantity, and pricing for accuracy;
- Review and confirm an explanation of inventory, actual material costs, and average of material costs;
- Review invoices and supporting documentation for compliance; and
- Review proof of payment for purchase materials.

Further details regarding Force Account Labor is provided in CDBG-DR Manual **Chapter 14: Davis-Bacon**.

7.4.1.5 Capacity and Risk Assessment

HUD requires a capacity assessment to determine whether an entity has the necessary capacity, established systems, and protocols in place to prevent waste, fraud, and abuse (see **Risk Assessment Form**.) A capacity assessment is a prerequisite for an entity to receive and administer HUD funds as a Subrecipient. Under FEMA, entities must complete and submit the form for review and evaluation before funds can be allocated to a PW. DED will evaluate and accept FEMA's evaluations as part of the eligibility review process. If the Subrecipient does not have adequate capacity, DED may decline their project funding or include additional clauses and special conditions in the SRA that ensure the Subrecipient can manage the project's logistics.

The capacity assessment focuses on whether the Subrecipient is capable of conducting the project in its current scope, the risk assessment determines, based on prior experience, how likely the Subrecipient is to complete the project without waste, fraud, and abuse.

A full description of the capacity and risk assessment processes is provided in CDBG-DR Manual **Chapter 16: Monitoring and Compliance Plan**.

7.5 STAGE FIVE: SUBRECIPIENT PAYMENT

7.5.1 REQUEST FOR RELEASE OF FUNDS (RROF)

All HUD assisted projects are required to undergo an Environmental Review to evaluate environmental impacts of the Federal investment prior to being able to request the RROF. This

review took place under Stage Three during the Detailed Eligibility Review of each project. As applicable to their Match Program award, DED can provide technical assistance for Subrecipients – characterized here as Responsible Entities (RE). Subrecipients and applicants will submit RROFs to DED, and DED will submit RROFs to HUD. Instead of using HUD's Environmental Review Online System (HEROS), the RROF will be submitted by DED via email to HUD at DisasterRecovery@hud.gov. DED must submit HUD Form 7015.15, "Request for Release of Funds and Certification," and Adoption Memo, and any other applicable documentation. Upon receipt of the RROF, HUD will conduct a review to ensure compliance with environmental and regulatory requirements. If no objections are received within HUD's objection period (typically 15 days after HUD's receipt of the RROF), HUD will issue an "Authorization to Use Grant Funds (AUGF)" via Form 7015.16. Once the AUGF is received, the Grantee may begin to draw down funds for the project.

This process is described in CDBG-DR Manual **Chapter 8: National Environmental Policy Act**. See also ***Environmental Assessment for HUD-funded Projects Template***.

7.5.2 INVOICING

All Subrecipient payments are expended on a reimbursement-based payment process. "Reimbursement-based" means that project costs must be incurred by the Subrecipient or PA Applicant and documented as required by the terms of the SRA for payment of invoices. Traditional match and Flexible match (up to 10%) will be utilized where applicable. Reimbursement ensures proper documentation is in place before Subrecipients receive funding.

Payout determinations and prioritization will be accomplished via the Invoice Review Checklist. This Checklist and evaluation process confirms which projects are eligible and compliant for reimbursement requests. DED will only reimburse amounts that can be independently validated.

For PA projects receiving funds under the Match Program, DED makes payments directly to the SRA holder, which in this case is NEMA. Funding will flow from NEMA to the Applicant.

For HMGP projects receiving funds under the Match Program, DED makes payments directly to the Subrecipients, while documenting the match payment to NEMA.

For all projects, DED will review all project and financial information, and then inform the Subrecipient when a project is ready to be paid.

The Subrecipient must formally request payment in AmpliFund. DED will then request funds from HUD, who will review and approve the funding request and pay the Subrecipient.

Steps for the PA Match Program payment:

1. Once a PW has a "Closed" status in Grants Portal by FEMA, DED will review all project and financial documentation to determine the final Match to be paid to the Subrecipient.

- a. DED will complete the following steps before notifying the Applicant and Subrecipient that the project is ready for payment:
 - i. A final review of the PW's file, which will require locating a Final Inspection Report (FIR), FEMA's P4 Form, or the closing letter between FEMA and NEMA (noting that Small PWs may have less FEMA closing documentation than other projects); and
 - ii. Send a letter to the Subrecipient requiring the Subrecipient to sign-off on the specific documentation that DED used to make their funding recommendation and explain to the Subrecipient how long they should maintain their files in accordance with applicable regulations.
- b. The Subrecipient will formally request payment for these projects in AmpliFund. DED will do a final review and approval of the payment request and submit it to HUD for reimbursement.

Steps for the HMGP Match Program payment:

1. Once a Subrecipient submits a payment request via AmpliFund, DED will review all project and financial documentation to determine the amount to be paid to the Subrecipient.
 - a. DED will complete the following steps before notifying the Subrecipient that the project is ready for payment:
 - i. A review of the Subrecipient's financial documentation; creation of the Subrecipient invoice checklist.
 - ii. Send a notification to the Infrastructure Program Manager to sign-off on the checklist that DED used to make their funding recommendation.
 - b. DED will do a final review and approval of the payment request and submit it to HUD for reimbursement. DED Finance Team processes the transaction for payment.

See CDBG-DR Manual **Chapter 4: Financial Management** and SRA for details regarding frequency of payment and payment milestones.

7.6 STAGE SIX: RECONCILIATION AND CLOSEOUT

DED will determine if a project is eligible for the CDBG-DR funded portion of the project. All projects considered for CDBG-DR reimbursement will be closed out by FEMA prior to payment processing. DED cannot close out a CDBG-DR project until the last invoice has been paid, all project activities have been completed, and the project has met the National Objective. If an SRA covers multiple projects, the SRA cannot be closed out until all projects are complete and closed out.

DED's payment process for PA Match Program projects is initially triggered by a notification from NEMA that a project's status has been updated to "Closed." DED also determines all requirements of the SRA between DED and the Subrecipient for a specific project have been completed in accordance with the terms and conditions of the SRA.

Steps for the PA Match Program closeout:

1. Program Manager begins Project Closeout Review for project.
 - a. DED completes a file audit and communicates results to Subrecipients any outstanding documents required.
 - i. If the Subrecipient is in good standing with all documentation, the Program Manager informs the Applicant and the Subrecipient that the Subrecipient may proceed to Project Closeout.
2. Program Manager ensures that Project Closeout is fully completed and signed by all applicable DED staff, and that all required documents have been completed and submitted.
3. Project is registered as closed out in DRGR, AmpliFund, and/or any other applicable file locations.
4. Subrecipient and Applicant receive the final payment for the project or dollars are reconciled with DED.
5. Project's status must be updated in HUD's Disaster Recovery Grant Reporting (DRGR) system, and a final HUD quarterly narrative report must be submitted to reflect the project's status. For projects composed of CDBG-DR match funds as well as other funds, project closeout occurs when all funds are spent.
6. Subrecipients and Applicants are required to retain all project documents for a minimum of three years post closeout.

Steps for the HMGP Match Program closeout:

1. Contracts for the project are paid as Subrecipients request payment. Some projects will only be paid through a single payment request, others through multiple requests, as agreed by DED and the Subrecipient.
 - a. Through the Payment Request Review, additional scrutiny is paid to final payment requests from Subrecipient's vendors, final request for payment on Project from Subrecipient, and final request for payment for Subrecipient.
 - b. Subrecipient initiates contract closeout with Contractors. Infrastructure Program Manager sends Closeout Notification Letter to Subrecipient that states what documents the Subrecipient must submit when it requests Project Closeout and Final Payment or reconciliation of funding.
2. Program Manager begins Project Closeout Review for project.
 - a. DED completes a file audit and communicates results to Subrecipients any outstanding documents required.
 - i. If the Subrecipient is in good standing with all documentation, the Program Manager informs the Subrecipient and NEMA that the Subrecipient may proceed to Project Closeout.
3. Program Manager tells Subrecipient that when it is ready, it may submit a Request for Project closeout.
 - a. Subrecipient submits Request for Final Payment/Reconciliation Cover Letter and Final Invoice with Request for Project Closeout and all related or missing documentation.

4. Program Manager ensures that Project Closeout is fully completed and signed by all applicable DED staff, and that all required documents have been completed and submitted.
5. Project is closed out.
 - a. Subrecipients receive the final payment for the project or dollars are reconciled with DED.
 - b. Project's status must be updated in HUD's Disaster Recovery Grant Reporting (DRGR) system, and a final HUD quarterly narrative report must be submitted to reflect the project's status. For projects composed of CDBG-DR match funds as well as other funds, project closeout occurs when all funds are spent.
 - c. Subrecipients are required to retain all project documents for a minimum of three years post closeout.

CDBG-DR project closeout begins when all the following conditions are met:

- DED has paid all projects expenses related to the CDBG-DR match payment except closeout costs, if any;
- When the Federal share for the project has been paid and FEMA will provide no more Federal share funds for the project;
- When the Subrecipient certifies that all project work is complete and no future work will take place;
- All responsibilities detailed in the SRA and other binding agreements with DED or FEMA are fulfilled; and
- All monitoring and audit findings have been cleared, whether with HUD or FEMA.

During CDBG-DR project closeout:

- The Subrecipient submits a closeout request, with applicable project documents attached, to DED for review;
- DED reviews closeout documents and resolves outstanding issues;
- DED places a closeout letter or memo in the project file;
- DED submits a final QPR to HUD to reflect the project's status;
- The project's status is updated in HUD's DRGR system; and
- DED and the Subrecipient reconcile and, if necessary, recoup the non-Federal share of any funds FEMA de-obligated during PW closeout.

8 NON-FEMA MATCH PROJECTS

8.1 STAGE ONE: IDENTIFY NON-FEMA PROJECTS AND SUBRECIPIENT SELECTION

8.1.1 IDENTIFYING POTENTIAL PROJECTS

FEMA HMGP is a limited budget program, so not all projects that apply for funding are awarded. DED can use CDBG-DR funds to fund those projects not awarded as long as the project meets all CDBG-DR eligibility criteria. DED works with potential Subrecipients to ensure their ability to manage a project. These projects must be matched at least 10% of the project budget by the Subrecipient, with possible assistance from related government entities or other grants. DED will provide technical assistance to potential Subrecipients to fill out an Application for Funding. Any potential project must be in the State MID area. Projects will be evaluated for LMI percentage, but not required to qualify as LMI projects to be funded.

8.1.2 ASSESSING ELIGIBILITY

DED will ensure that Subrecipients fulfill all CDBG-DR eligibility requirements:

- How the project meets HUD's National Objectives of Low to Moderate Income (LMI) and Urgent Need (UN). Non-FEMA Match projects are not required to meet the LMI National Objective;
- How the project is an eligible activity; and
- How the project is tied to the disaster.

The State will also work with potential Subrecipients to identify a project budget estimate. Subrecipients must also understand the requirements of CDBG-DR funding, including but not limited to DOB, DBRA, and Section 3. Due to the regulatory complexity of non-FEMA match projects, Subrecipients without an experienced federal grants management team are strongly encouraged to consult with a certified CDBG Administrator or their local Economic Development District to administer the award.

8.2 STAGE TWO: PROJECT ANALYSIS

DED will review completed Applications for Funding from potential Subrecipients and note any potential deficiencies or topics for additional technical assistance. Once DED accepts and signs the Application, DED will prepare the SRA. DED and the Subrecipient will enter into an SRA.

8.2.1 SERVICE AREA DETERMINATION

To demonstrate the applicable National Objective for a project submitted under the Match Program, DED, with assistance from NEMA and PA or HMGP applicants, must determine the service area for the activity. To determine the project's service area, DED and its partners will review the information contained within the FEMA PW to assess the scope, location, and accessibility of the activity, in addition to current Census boundary data. The following should be considered when determining the service area of a project:

- **The nature of the activity:** The size of and equipment required for an activity must be taken into consideration. As an example, a small park with a limited number of slides and benches should not be expected to serve a large neighborhood. In the same way, a larger park that can accommodate a considerable number of people should not be expected to serve only immediately adjacent properties. The same applies to improvements or assistance to an alleyway versus a two-lane street versus a four-lane street in the same neighborhood. The service area for each of these infrastructure projects is different in size and population;
- **The location of the activity:** In general, the immediate area surrounding a facility or improvement should be included in the service area. Additionally, when a facility is located near the boundary of a particular block group, its service area could include portions of the adjacent block groups as well. If the activity's service area overlaps multiple block groups, the entirety of the data for all block groups may be used;
- **Accessibility issues:** Geographic barriers can separate and preclude persons residing in a nearby area from taking advantage of a facility or improvement. Other limits to accessibility can include access fees, language barriers, time, access to transportation and parking or duration that an activity is available;
- **The availability of comparable activities:** Comparable activities within the service area should be considered so that the service area does not overlap with the service area of another comparable activity; and
- **Boundaries for facilities and public services:** The service area for some public facilities and services is based on specified and established boundaries or districts. Examples of such services and facilities are police precincts, fire stations, and schools.

CAUTION: An activity that serves an area that is **not** primarily residential in nature does not qualify as a CDBG assisted activity under the National Objectives.²⁵

8.3 STAGE THREE: PRE-CONSTRUCTION PROJECT WORK

Subrecipients must submit all bid documentation to DED for approval before going out to bid on the construction contract. Once bids are received and prior to the Subrecipient executing a construction contract, DED must review and approve the procurement process and Subrecipient contractor selection. The procurement process must abide by all relevant sections of 2 CFR 200 and other federal procurement and contracting rules.

8.3.1 ENVIRONMENTAL REVIEW

Federally assisted projects are subject to a variety of environmental requirements, including obtaining environmental clearance prior to the commitment of any federal *or non*-federal funds for

²⁵ 24 CFR § 570.483.

choice limiting actions. DED requires that all Subrecipients contract with an independent environmental professional experienced with NEPA reviews for federal programs. Ideally the environmental professional would also have specific experience with HUD's environmental review requirements at 24 CFR Part 58. NEPA reviews should not be performed by the awardee due to the complexity of the process and the need for independent analysis.

Submitting an application for CDBG-DR funds triggers Environmental Review requirements. These requirements are described in further detail under the CDBG-DR Manual **Chapter 8: National Environmental Policy Act** and **Chapter 9: Environmental Review**. Once an application for Federal funds is submitted, a project proposal is subject to the Environmental Review requirements and requires an environmental clearance and, as applicable, submission of a Request for Release of Funds and Certification (RROF) to, and issuance of an Authorization to Use Grant Funds (AUGF) by HUD.

The Subrecipient is responsible for conducting the Environmental Review. DED is responsible for ensuring the review is done and compliant, completing all necessary public notifications, and submitting the RROF, as applicable, to HUD. The Subrecipient is responsible for cooperating with DED in the Environmental Review process and providing information necessary for DED to fulfill its responsibilities under 24 CFR Part 58 and other applicable regulations.

Subrecipients may be reimbursed for architect and engineering costs, and environmental review related activities prior to the execution of the SRA, as detailed in the SRA. It is essential that choice-limiting actions are not done before the environmental review is complete and HUD environmental clearance is received as required by Part 58. Physical and choice-limiting actions include, but are not limited to, property acquisition, demolition, movement, rehabilitation, conversion, repair, or construction. This prohibition applies regardless of whether Federal or non-Federal funds are used and taking a choice limiting action prior to completion of the required environmental clearance process will result in the denial of any CDBG-DR funds from DED.

The responsible entity must publish or post a "Notice of Intent to Request Release of Funds (NOIRROF)" and allow the required public comment period (usually 7 to 15 days depending on the type of activity and regulatory requirements). This notice must inform the public of the environmental review findings and the intent to submit the RROF to HUD.

HUD's Environmental Review Online System (HEROS) was established HEROS for RROF submissions. The Subrecipient must provide all necessary documentation to DED to allow DED to submit the RROF. Form 7015.15, the cover letter, the affidavit of publication, copy of the notice, and the copy of the distribution list are to be submitted via the HEROS online tool, which further provides guidance regarding the Environmental Review process. For these projects, where the Subrecipient is the Responsible Entity, these documents will be submitted to DED, who will review them. DED will submit these documents into HEROS and will also submit the Request for Release of Funds (RROF) to HUD. Upon receipt of the RROF, HUD will conduct a review to ensure compliance with environmental and regulatory requirements. If no objections are received within HUD's objection period (typically 15 days after HUD's receipt of the RROF), HUD will issue an "Authorization to Use Grant Funds (AUGF)" via Form 7015.16. Once the AUGF is received, the

grantee may begin to draw down funds for the project. Please see CDBG-DR Manual **Chapter 8: National Environmental Policy Act** and **Chapter 9: Environmental Review** for additional information.

8.4 STAGE 4: CONSTRUCTION OVERSIGHT

Generally, DED does not monitor a Subrecipient's construction Contractor. Rather, DED monitors the Subrecipient's monitoring of the Contractor since monitoring the Contractors is the responsibility of the Subrecipient. However, if DED determines that a Subrecipient has not performed adequate monitoring of its contractors, DED may directly monitor the Subrecipient or contractor to confirm that applicable regulatory compliance is being provided. DED may conduct direct on-site monitoring, for example worker interviews for Davis-Bacon compliance, but Subrecipients are still responsible for ensuring all program requirements are met. When necessary, the DED representative arranges onsite project inspections with the Subrecipient and its contractors to confirm eligible CDBG-DR activities are being conducted, eligible costs are being charged and that the required national objective is being met.

DED requires the Subrecipients to develop their own monitoring plan for their Projects and contractors that complete construction on CDBG-DR funded Projects. Therefore, Subrecipients are responsible for carrying out their projects to meet these compliance requirements. DED's monitoring plan is available on the DED website and provides guidance to the Subrecipient to develop their own monitoring plan.

- For construction projects, it is the responsibility of the Subrecipient to monitor projects to ensure compliance with terms of the SRA and applicable regulations. Subrecipient monitoring should include the following:
- Ensuring Project scopes of work are consistent with the scope of work described in the project applications;
- Physical inspection should include the inspection of all construction Projects to ensure the project remains in scope;
- Monitoring construction contractors for equal opportunity, federal and state labor standards and Section 3 requirements;
- Following procurement processes in accordance with 2 CFR §200 or local standards if higher;
- Ensuring Project milestones are being met;
- Ensuring environmental reviews are completed and documented properly;
- Complying with the terms and conditions of the Agreement with DED, especially anti-fraud and abuse;
- Monitoring contractors/vendors for federal compliance standards;
- Financial Management: internal controls, accounting, program income and record keeping are in compliance with 2 CFR 200 and CDBG-DR costs are eligible, allowable, reasonable, and allocable; and
- Documenting national objective compliance for all activities.

Please see *CDBG-DR Manual Chapter 4: Financial Management* and *Chapter 16: Monitoring and Compliance*.

8.5 STAGE 5: SUBRECIPIENT PAYMENT

8.5.1 INVOICING

All Subrecipient payments are expended on a reimbursement-based payment process. “Reimbursement-based” means that project costs must be incurred by the Subrecipient and documented as required by the terms of the SRA for payment of invoices.

Payout determinations and prioritization will be accomplished via the Invoice Review Checklist. This Checklist and evaluation process confirms which projects are eligible and compliant for reimbursement requests. DED will only reimburse amounts that can be independently validated.

Details of how often a Subrecipient can request payment, how the local match payment is applied, and details of how potential cost underruns or overruns are handled will be in the SRA.

For all projects, DED will review all project and financial information, and then inform the Subrecipient when a project is ready to be paid.

The Subrecipient must formally request payment in AmpliFund. DED will then request funds from HUD, who will review and approve the funding request and pay the Subrecipient.

Steps for the Non-FEMA Match payment:

1. Once a Subrecipient submits a payment request via AmpliFund, DED will review all project and financial documentation to determine the amount to be paid to the Subrecipient.
 - a. DED will complete the following steps before notifying the Subrecipient that the project is ready for payment:
 - i. A review of the Subrecipient’s financial documentation; creation of the Subrecipient invoice checklist.
 - ii. Send a notification to the Infrastructure Program Manager to sign-off on the checklist that DED used to make their funding recommendation.
 - b. DED will do a final review and approval of the payment request and submit it to HUD for reimbursement. DED Finance Team processes the transaction for payment.

See CDBG-DR Manual *Chapter 4: Financial Management* and SRA for details regarding frequency of payment and payment milestones.

8.6 STAGE 6: RECONCILIATION AND CLOSEOUT

After construction is complete, DED will begin the process of closing out the non-FEMA match project. Reconciliation and closeout are necessary to ensure that all payments are recognized, all project work is complete, all project records received so that a project can be closed. The following steps will be used:

1. Contracts for the project are paid as Subrecipients request payment.
2. Through the Payment Request Review, additional scrutiny is paid to final payment requests from Subrecipient's vendors, final request for payment on Project from Subrecipient, and final request for payment for Subrecipient.
3. Subrecipient initiates contract closeout with Contractors. Infrastructure Program Manager sends Closeout Notification Letter to Subrecipient that states what documents the Subrecipient must submit when it requests Project Closeout and Final Payment or reconciliation of funding.
4. Program Manager begins Project Closeout Review for project.
 - a. DED completes a file audit and communicates results to Subrecipients any outstanding documents required.
 - i. If the Subrecipient is in good standing with all documentation, the Program Manager informs the Subrecipient that the Subrecipient may proceed to Project Closeout.
5. Program Manager tells Subrecipient that when it is ready, it may submit a Request for Project closeout.
 - a. Subrecipient submits Request for Final Payment/Reconciliation Cover Letter and Final Invoice with Request for Project Closeout and all related or missing documentation.
6. Program Manager ensures that Project Closeout is fully completed and signed by all applicable DED staff, and that all required documents have been completed and submitted.
7. Project is closed out.
 - a. Subrecipients receive the final payment for the project or dollars are reconciled with DED.
8. Project's status must be updated in HUD's Disaster Recovery Grant Reporting (DRGR) system, and a final HUD quarterly narrative report must be submitted to reflect the project's status. For projects composed of CDBG-DR match funds as well as other funds, project closeout occurs when all funds are spent.
 - a. Subrecipients are required to retain all project documents for a minimum of three years post closeout.

CDBG-DR project closeout begins when all the following conditions are met:

- DED has paid all projects expenses related to the CDBG-DR match payment except closeout costs, if any;
- When the Federal share for the project has been paid and FEMA will provide no more Federal share funds for the project;

- When the Subrecipient certifies that all project work is complete and no future work will take place;
- All responsibilities detailed in the SRA and other binding agreements with DED are fulfilled; and
- All monitoring and audit findings have been cleared.

During CDBG-DR project closeout:

- The Subrecipient submits a closeout request, with applicable project documents attached, to DED for review;
- DED reviews closeout documents and resolves outstanding issues;
- DED places a closeout letter or memo in the project file;
- DED submits a final QPR to HUD to reflect the project's status;
- The project's status is updated in HUD's DRGR system.

9 MONITORING AND COMPLIANCE

Monitoring and evaluating Subrecipient performance and compliance is a HUD requirement for CDBG-DR funds. The primary purpose of monitoring and compliance is to assess compliance with State and Federal rules and regulations. DED is responsible for monitoring and setting statutory and regulatory requirements in accordance with CDBG-DR Manual **Chapter 16: Monitoring and Compliance Plan**.

DED will monitor all Subrecipients through a combination of desktop and on-site monitoring techniques, see the **Chapter 16: Monitoring and Compliance Plan** for more information.

9.1 MONITORING REVIEWS

The monitoring and compliance review process informs reporting to DED and, as applicable, the Nebraska APA and HUD. A monitoring review and report may indicate one or more of the following:

- The performance complied with the requirements of the program;
- Certain findings require corrective actions by the Subrecipient;
- Concerns about the performance of the projects or activities;
- Observations about efficiencies or items of note; or
- Technical assistance is necessary.

9.2 ANTI-FRAUD, WASTE, AND ABUSE

DED does not support or condone the commission or concealment of acts of fraud, waste, and abuse. According to HUD's **Buying Right CDBG-DR and Procurement: A Guide to Recovery**, Grantees and Subrecipients procuring goods and services with grant funds must follow all

applicable statutory and regulatory requirements.²⁶ All employees are responsible for reporting suspected instances of fraud, waste, and abuse in accordance with CDBG-DR Manual **Chapter 19: Anti-Fraud, Waste, and Abuse**.

DED leverages existing investigative and corrective action within State of Nebraska guidelines, among others, to meet HUD requirements. If fraud, waste, and/or abuse are identified, DED shall pursue investigation, including taking legal action where warranted. If the Contractor is identified as having conducted activity involving fraud, waste, or abuse, DED may immediately terminate the contract and take further legal action as necessary.

9.3 FINANCIAL MANAGEMENT

OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200) establish financial management requirements for the CDBG-DR funds. DED will maintain compliance with these requirements, as described by the processes held within CDBG-DR Manual **Chapter 4: Financial Management**.

For the Match Program, DED maintains financial management documentation based on requirements set forth by HUD. The PW file contains the following: obligation procedures, record amounts budgeted for eligible activities, accounting for DOB, and insurance proceeds.

Financial reporting prepared by the Subrecipient must be accurate, timely, and current and represent complete disclosure of the financial activity and status of CDBG-DR grants. A Subrecipient must have the capacity to provide the following:

- Amount budgeted;
- Reimbursements received to date;
- Program income and other miscellaneous receipts in the current period and year to-date; and
- Actual expenditures/disbursements in the current period and cumulatively to-date, for both program income and regular CDBG-DR grant funds.

9.4 DUPLICATION OF BENEFITS

Duplication of Benefits (DOB) refers to a situation where assistance is received from multiple funding sources and the total assistance amount exceeds the need for a particular recovery

²⁶ "Key Internal Controls Related to Disaster Recovery Procurement." HUD OIG. Accessed December 9, 2021 via: <https://www.hudoig.gov/sites/default/files/2021-03/Key%20Internal%20Controls%20Related%20to%20Disaster%20Recovery%20Procurement.pdf>.

purpose. DED and its Subrecipients must comply with DOB rules and regulations as described in CDBG-DR Manual **Chapter 18: Duplication of Benefits**.

9.5 RECORDS RETENTION

Pursuant with 2 CFR § 200.334 and 24 CFR § 570.490, all official records on programs and individual activities shall be maintained for a minimum three (3)-year period beyond the closing of a grant between DED and HUD. Subrecipient records must be maintained electronically. Subrecipients should establish and maintain an electronic record management system utilizing DED's Activity File Checklist. All projects, program activity files, and applicant information received must be maintained within DED's system of record. For more information about record retention, see CDBG-DR Manual **Chapter 17: Recordkeeping and Data Management**.

10 TOOLKIT DOCUMENTS

In order to facilitate program implementation, in addition to this program guide, DED established a toolkit. This toolkit includes documents, forms, and templates for the state's CDBG-DR program generally and the Match program specifically. Such documents help the state, its subrecipients, and other stakeholders work within the policies and procedures of the program and set expectations for successful outcomes. These documents include, but are not limited to, those listed below.

Infrastructure Match Program Toolkit List:

- Process Flowchart
- NOI Outreach Letter
- NOI Opt Out Letter
- NOI PA Pre-Application Form
- NOI HMGP Pre-Application Form
- Application for Funding – PA and HMGP projects
- Application for Funding – Non-FEMA Match projects
- Notice of Award or Notice of Non-Selection