NJIT TAB & USEPA RLF Workshop October 13 & 14, 2010

RLF Grant Management

Topics

- Program Income

- Closeout Policy

- Subgranting Policy Changes

- Sample Document Repository

Program Income

- What Is Program Income?
- How Do You Manage It?
- How Do You Use It?
- How Do You Report It?
- What Happens at Grant Closeout?
- What is an RLF Closeout Agreement?
- What Can It Be Used For?

What Is Program Income?

- Program income is generated primarily from the repayment of loans and RLF operations.

- Program income is the amount of money you receive, either directly generated by your RLF grant, or earned during the performance period of your RLF grant – See 40 CFR 31.25(b).
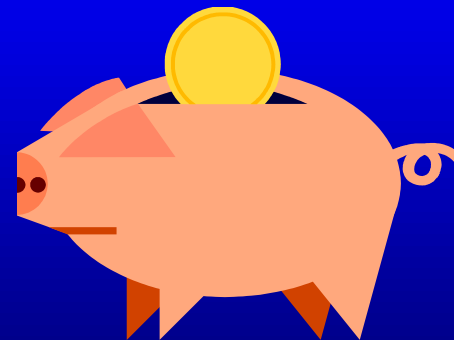
What Is Program Income?

- Program income includes:
  - ✓ Loan principle repayments
  - ✓ Interest earned on outstanding loan principal
  - ✓ Interest earned on accounts holding program income
  - ✓ Loan application & processing fees
  - ✓ Loan-related charges received from borrowers
  - ✓ Other income generated from RLF operations
  - ✓ Proceeds from the sale, collection, or liquidation of a defaulted loan, up to the amount of the unpaid principal
  - ✓ Proceeds in excess of the unpaid principal

How Do You Manage It?

- Program income must be deposited in an interest bearing account.

- Interest earned on program income is considered additional program income.

- Program income must be used before requesting a drawdown of grant funds – See 40 CFR 31.21(f)

- An exception may be requested per the RLF Closeout Policy - March 11, 2010.

How Do You Manage It?

- Documentation substantiating the use of program income for RLF programmatic costs must be maintained per applicable OMB cost principles - See OMB A-102 for State & Local Governments

How Do You Use It?

- All program income received must be placed immediately into the RLF and be made available for loans and/or subgrants – See 40 CFR 31.25(g)(2)

- Program income must be used in accordance with CERCLA Section 104(k)(3) and the RLF grant Terms & Conditions.

How Do You Use It?

- Program income can be used to help meet your 20% cost share. This includes:
  - ✓ Interest from loans
  - ✓ Fees

Note: You **can not use repayments of loan principal to meet the 20% cost share.**

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How Do You Use It?

- Program income can be used for any eligible programmatic cost such as:
  - ✓ Personnel
  - ✓ Supplies
  - ✓ Contracts
  - ✓ Travel
  - ✓ Community relations activities
  - ✓ ABCAs
  - ✓ QAPPs
  - ✓ Cleanup plans and documentation

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How Do You Report It?

- For Region 1 Grantees: Program income must be reported in the RLF Quarterly Progress Reports submitted to EPA each quarter.
- For other Regions: Check with your Project Officer.
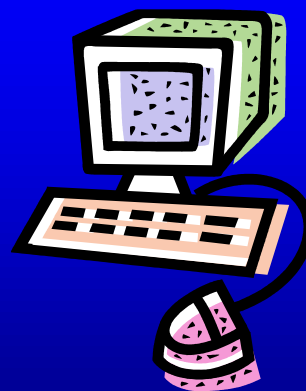
What Happens at Grant Closeout?

- Program income remaining in the grantee's RLF account at the time of grant closeout must be returned to the EPA – See 40 CFR 31.50(d)(2).

- An exception may be requested per the RLF Closeout Policy – March 11, 2010.

- Every effort should be made to expend program income on loans, subgrants, and any eligible programmatic costs before grant closeout.

What is an RLF Closeout Agreement?

- At the time of RLF grant closeout, EPA and the grantee will negotiate a Closeout Agreement.

- See RLF Closeout Policy – March 11, 2010

- The Closeout Agreement includes:
  - ✓ Grant closeout procedures
  - ✓ Use of post closeout program income
  - ✓ Use of retained program income
  - ✓ Post-closeout reporting
  - ✓ Other administrative terms & conditions

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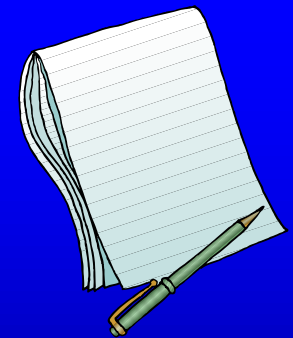
Hampton Inn

Bath, ME

Closeout Policy

- What is the RLF Closeout Policy?
- What is an RLF Closeout Agreement?
- Use of Post-Closeout Program Income
- Reporting
- Exceptions

What is the RLF Closeout Policy?

- Current RLF Closeout Policy – March 11, 2010
  - ✓ Provides guidance on negotiating a Closeout Agreement.
  - ✓ Applies to all RLF cooperative agreements.
  - ✓ Requires that site & borrower eligibility be consistent with CERCLA 107.
  - ✓ All other Federal requirements do not apply.
  - ✓ Allows you to request an exception for:
    - ➤ Retaining accrued program income at the time of closeout
    - ➤ Drawing down federal funds before using accrued program income for the purposes of closeout

What is an RLF Closeout Agreement?

- At the time of RLF grant closeout, EPA and the grantee will negotiate a Closeout Agreement.

- The Closeout Agreement may include:
  - ✓ Introduction
  - ✓ Effective Period of the Agreement
  - ✓ Required Assistance Agreement Closeout Documents and Reports
  - ✓ How Program Income Will Be Used

What is an RLF Closeout Agreement?

- The Closeout Agreement may include (continued):
  - ✓ Continued Post-Closeout Reporting Requirements
  - ✓ Continuing Records Retention Requirements
  - ✓ Termination of this Agreement
  - ✓ Modifications
  - ✓ Enforcement of this Agreement
  - ✓ Severability
  - ✓ Points of Contact
  - ✓ Signatures
  - ✓ Background and Representations

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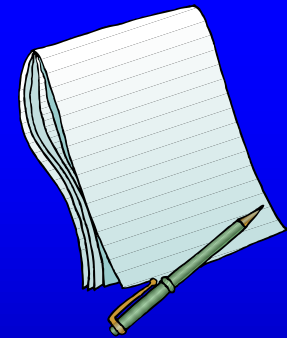
Use of Post-Closeout Program Income

- The primary use of post-closeout program income is to make loans.

- However, post-closeout program income can also be used for:
  - ✓ Cleanup subgrant agreements
  - ✓ Phase I & II environmental assessments
  - ✓ Cleanup planning activities
  - ✓ Programmatic costs to manage and oversee the work being performed

Reporting

- Annual Reports will be required per the Closeout Agreement.

- The Annual Report may include the following:
  - ✓ A cover page including: the grant recipient's organization, grant number, the annual report number (i.e., 1, 2 or 3), the dates for the reporting period, the persons/organizations preparing and submitting the report, and the date of the report submission.
  - ✓ A summary of the activities conducted during the reporting period, a list of reports and documents generated during the reporting period, and a budget summary table reflecting the expenses incurred and program income received.
  - ✓ Site data consistent with information requested in ACRES or a list of sites created and/or updated in the ACRES database.

Exceptions

- Accrued Program Income at Closeout
  - ✓ You may request an exception to the grant regulations ([40 CFR 31.50(d)(2)](#)) to retain accrued program income at the time of closeout.
  - ✓ For situations when closeout is desired but:
    - ➤ Program income can not be reduced to zero due to ongoing repayment of loans.
    - ➤ Program income balance not enough to make a loan or subgrant.
  - ✓ Must be requested prior to preparation of Closeout Agreement.
  - ✓ Considered on a case-by-case basis and approved by EPA Grants Office.

Exceptions

- Using Accrued Program Income Before Drawing Down Federal Grant Funds
  - ✓ You may request an exception to the grant regulations (40 CFR 31.21(f)) to draw down remaining grant funds before using accrued program income.
  - ✓ For situations when closeout is desired but program income can not be reduced to zero and a balance of EPA grant funds remains.
  - ✓ Must be combined with accrued program income exception.
  - ✓ Must be requested prior to preparation of Closeout Agreement.
  - ✓ Considered on a case-by-case basis and approved by EPA Grants Office.
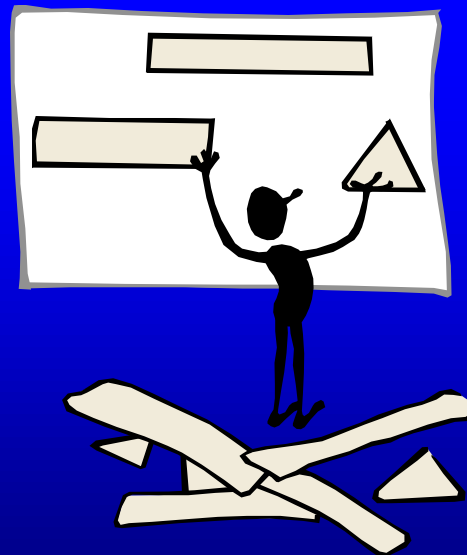
Gladsky Marine Site
Glen Cove, NY

Subgranting Policy Changes

- New Policy Revision Memo – June 24, 2010
- Change 1: Waiver of 40% Subgrant Cap
- Change 2: Waiver of $200,000 Subgrant Cap

Waiver of 40% Subgrant Cap

- RLF subgranting limited to 40% of grant funds.
- Known as the 60/40 split (60% for loans & 40% for subgrants).
- You can now request a waiver of this limit.
- Must provide a justification and explanation of need to provide increased subgrant capacity.
- Intended for:
  - ✓ Grantees successful at subgranting to small municipalities and non-profits.
  - ✓ Communities with economic disruption and stalled development.

Waiver of 40% Subgrant Cap

- Waiver request is in the form of a letter to your Project Officer including:
  - ✓ Amount of funds remaining in grant
  - ✓ Nature of project that is the basis of the request including:
    - ➢ Amount of Subgrant
    - ➢ Subgrant Recipient
  - ✓ How the granting of this waiver will contribute to meeting and/or achieving the goals of your RLF.
- Waiver request will be evaluated by EPA HQ Brownfields Program.

Waiver of $200,000 Subgrant Cap

- RLF subgrants are limited to $200,000 per parcel.

- You can now request a waiver of this limit.

- Must provide a justification and explanation of need to increase subgrant funding on a particular parcel.

- Intended for:
  - ✓ Finishing a cleanup that needs additional funds.
  - ✓ Provide significant funding for a larger cleanup.

Waiver of $200,000 Subgrant Cap

- Waiver request is in the form of a letter to your Project Officer including:
  - ✓ Amount of the Proposed Subgrant
  - ✓ Nature of project that is the basis of the request including:
    - ➢ Anticipated benefits resulting from this subgrant
    - ➢ Subgrant Recipient
  - ✓ How the granting of this waiver will contribute to meeting and/or achieving the goals of your RLF.
- Waiver request will be evaluated by EPA HQ Brownfields Program.

Former International Harvester Site Canton, IL

Sample Document Repository

- Vision:
  - ✓ A collection of sample RLF process documents for grantees to share – ideally in MS Word and/or PDF
  - ✓ Internet accessible
  - ✓ Password protected
  - ✓ Single point of contact for adding documents
  - ✓ Available to RLF grantees only

Sample Document Repository

- What will be available:
  - ✓ RLF Program Documents
    - ➤ QEP, Fund Manager and/or Other RFPs & RFQs
    - ➤ Marketing Materials
    - ➤ Waiver Requests (20% subgrant cap & 60/40 split cap)
  - ✓ Applicable RLF Process Documents
    - ➤ Community Relations Plans
    - ➤ Public Notices
    - ➤ ABCAs
    - ➤ Decision Documents
    - ➤ Loan Agreements
    - ➤ Subgrant Agreements
    - ➤ Closeout Agreements

Sample Document Repository

- How it will work:
  - ✓ Documents will be volunteered by grantees and/or EPA Project Officers
  - ✓ Submitted to EPA Region 1 contact
  - ✓ Be reviewed for compliance
  - ✓ Be posted under appropriate heading for review or download
  - ✓ Local identifier information could be redacted
  - ✓ Submitter can request removal from site at any time

Sample Document Repository

- When will it be implemented:
  - ✓ Webpage is now under development
  - ✓ Request that you consider sharing one or more of your documents
  - ✓ Notice will be sent out to all RLF grantees and EPA Project Officers in attendance when ready
  - ✓ We will provide username and password for access
  - ✓ We can add new grantees and project officers as they enter the RLF program

Questions?