



FEMA

**Grant Programs Directorate Information Bulletin
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TO: All State Administrative Agency Heads
All State Administrative Agency Points of Contact
All State Homeland Security Directors
All Private Sector Transportation Security Partners
All Public and Private Sector Port Security Partners

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SUBJECT: Update to Port Security Grant Program (PSGP) Cost-Share Waiver Process

This Information Bulletin (IB) updates and clarifies the cost-share waiver process for grantees and sub-grantees under the Port Security Grant Program (PSGP) as originally outlined in IB No. 322 issued on July 15, 2009.

Key revisions include: 1) Extending the waiver provision to all award years that require a cost-share. These include the FY 2007, FY 2007 Supplemental, FY 2008, and FY 2009 award years; 2) Making it mandatory for the waiver request letter to include the signature of the local Coast Guard Captain of the Port (COTP); 3) Clarification of the requirement that the grantee address the impact of reduced funding on the project(s) if the cost-share waiver request is approved; and 4) Providing an explanation of the process for submitting cost-share waiver requests on behalf of sub-grantees.

46 U.S.C. § 70107 (c)(2)(B) states the following exception to the PSGP cost-share requirement: "If the Secretary [of Homeland Security] determines that a proposed project merits support and cannot be undertaken without a higher rate of Federal support, then the Secretary may approve grants under this section with a matching requirement other than [75 percent federal funding]." This provides the legal basis for cost-share waivers. As such, FEMA will consider cost-share waivers, upon grantee request, on a project-by-project and grant-by-grant basis for any PSGP awards to which the cost-share requirement applies.

To submit a cost-share waiver request for consideration, the following process applies:

- I. For Investment Justifications (IJs) previously submitted to FEMA:

- A. The grantee will submit a written request to their assigned FEMA Program Analyst, via the local Coast Guard Captain of the Port (COTP), detailing the award number and specific project(s) for which they are requesting a cost-share waiver. The request letter must include the following:
1. A detailed justification explaining why the grantee is unable to fulfill the cost-share requirement. Particularly, the grantee should identify specific economic issues that preclude provision of the cost-share identified in the original grant application.
 2. A revised budget, including a highlight of any reduction of cost or provision of equipment, services, and portions of the project that had originally been approved for the awarded project that will have reduced funding as a result of the waived cost-share amount (e.g. original budget for purchase of a 27' response vessel for \$100,000; \$75,000 federal share, plus \$25,000 local match. If a waiver is granted, the new budget will be for a 25' response vessel for \$75,000 federal share, with \$0 local match, thus total funding is reduced by \$25,000).
 3. An explanation of the impact of the reduction in funding, to include an assurance that the initial project objectives can still be met even though the scope may need to be reduced. If the original project scope can be maintained through anticipated cost savings this should be explained as well (for example, through use of new technologies that offer greater capabilities at reduced cost; or a re-bidding that yielded a lower cost vendor). This applies to each project within the award for which a cost-share waiver is requested.
 4. A statement certifying that waiver of the cost-share will not affect the grantee's ability to comply with applicable federal security regulations or approved security plans, as applicable.
 5. Signature of the COTP on the "Via" line to indicate that the project has been re-evaluated at the local level and a determination made that the security project addresses or corrects Coast Guard identified vulnerabilities in security and ensures compliance with Area Maritime Transportation Security Plans and facility security plans. This supports compliance with 46 U.S.C. §70107(i)(2)(C), which requires the COTP to make a determination that the project addresses or corrects maritime security vulnerabilities and should be made in consultation with the Area Maritime Security Committee. Even though the project was previously reviewed and recommended for approval by the COTP, a subsequent review is necessitated by the cost-share waiver request due to the resulting reduction in project funds, which can significantly affect the scope and effectiveness of the project in meeting its original stated objectives. In addition, considering the affected project(s) may have been approved a year or more prior to submitting the waiver request, the COTP's re-

evaluation will provide assurance that the project(s) is still worthy of Federal funding and waiver of the cost-share.

6. As an option, the COTP may submit a separate written determination to fully explain the impact of reduced funding on the project and the project's ability to meet its original objectives. The COTP should forward the written determination to the grantee for inclusion with the waiver request letter.
- B. For multiple awards, the grantee is required to submit a separate written request for each award.
 - C. If the waiver request is originated by a sub-grantee, FEMA's grantee (prime recipient of Federal funds, i.e. Fiduciary Agent) must submit the request on the sub-grantee's behalf. The grantee should require the sub-grantee to submit a written, signed request (to the grantee) with the same information included in I(A)(1-4) above. The grantee will submit a signed cover letter along with the sub-grantee request and ensure it includes the signature of the COTP on the "Via" line as outlined in I(A)(5) above. The grantee is responsible for ensuring the justification is sufficiently addressed.

II. For Investment Justifications (IJs) not yet submitted to FEMA (Fiduciary Agents Only)

- A. The grantee will follow the normal IJ submission process as outlined in IB No. 360 issued on May 3, 2011. Along with the IJ submission, the grantee must submit a written request detailing the award number, specific project(s) for which they are requesting a cost-share waiver, and justification for the waiver. Particularly, the grantee should identify specific economic issues that preclude provision of the cost-share.
- B. For multiple awards, the grantee is required to submit a separate written request for each award.

In addition to meeting the requirements outlined above, waiver approval shall be conditional upon meeting all other program requirements, including having an approved Port-Wide Risk Mitigation Plan (if applicable).

Once a decision on a waiver request is made, the grantee will be notified in writing. If approved, the assigned FEMA Program Analyst will generate a Grant Adjustment Notice (GAN) indicating approval of the waiver and the revised budget and/or scope (as applicable) for the identified project(s).

With regard to projects costing \$25,000 or less, 46 U.S.C. § 70107 (c)(2)(A) states: "There are no matching requirements for grants under subsection (a) for projects costing not more than \$25,000." To clarify, this statement refers to the total award amount identified in the grantee's official award documentation package and not the individual project amounts or sub-awards.

DHS does not intend to issue blanket waivers covering entire awards but will review specific projects where the non-Federal cost-share requirement may serve as a barrier to project implementation or completion. Furthermore, additional funding will not be awarded for any project receiving a cost-share waiver.

Questions regarding the cost-share waiver process may be directed to your FEMA Program Analyst or the Centralized Scheduling and Information Desk at askcsid@dhs.gov or 1-800-368-6498.