



UNITED STATES  
DEPARTMENT OF  
THE TREASURY



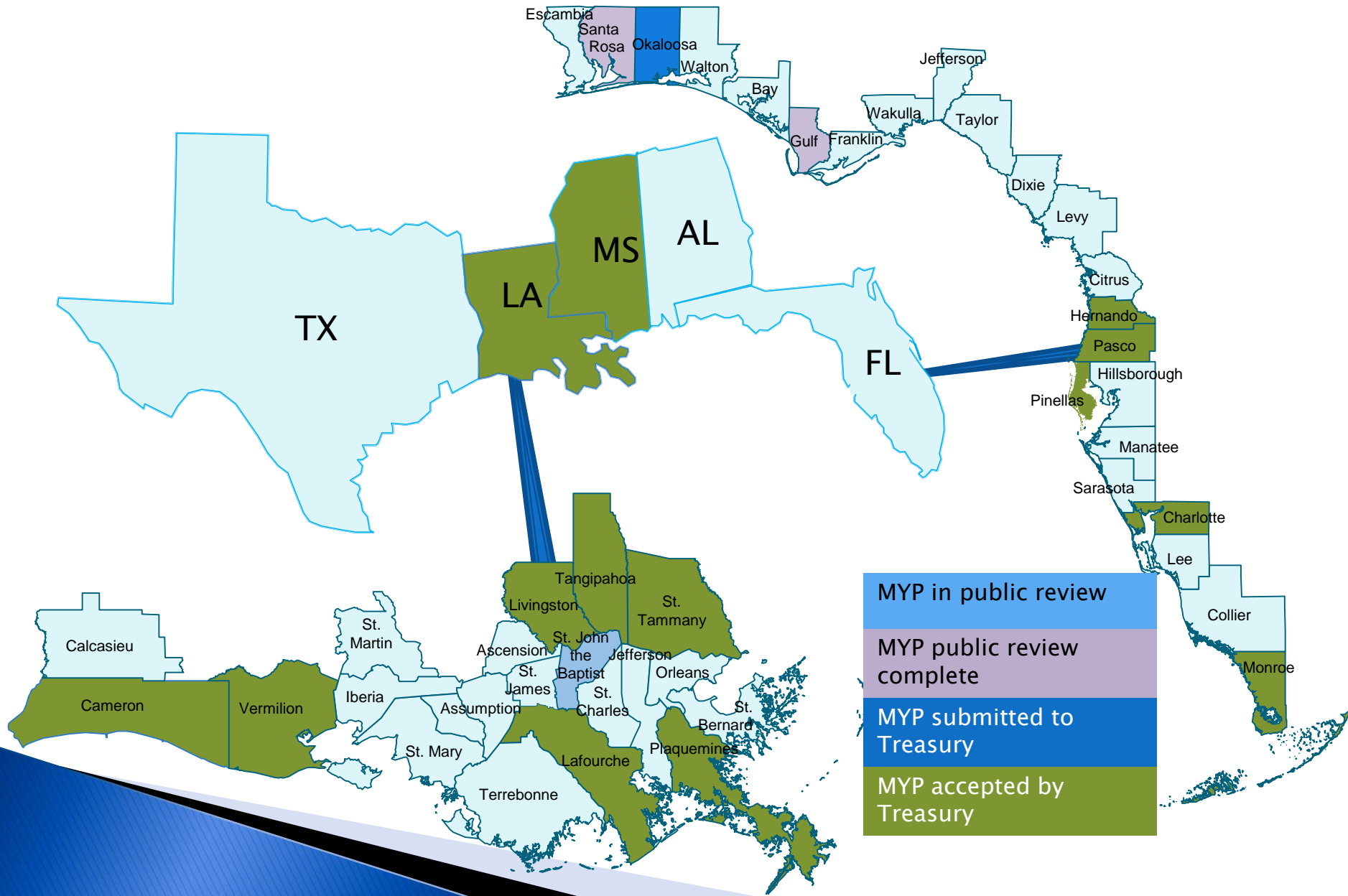
# RESTORE Act Direct Component

U.S Department of the Treasury – Office of Gulf Coast Restoration  
Florida Gulf Consortium Meeting  
June 28, 2016

# Update on Direct Component

- ▶ Status of Multiyear Plans and Grants
- ▶ Grants Management Training
- ▶ Compliance
- ▶ Looking Ahead to BP Penalty Deposits and Questions about Financing Projects

# Status of Multiyear Plans (as of June 24, 2016)



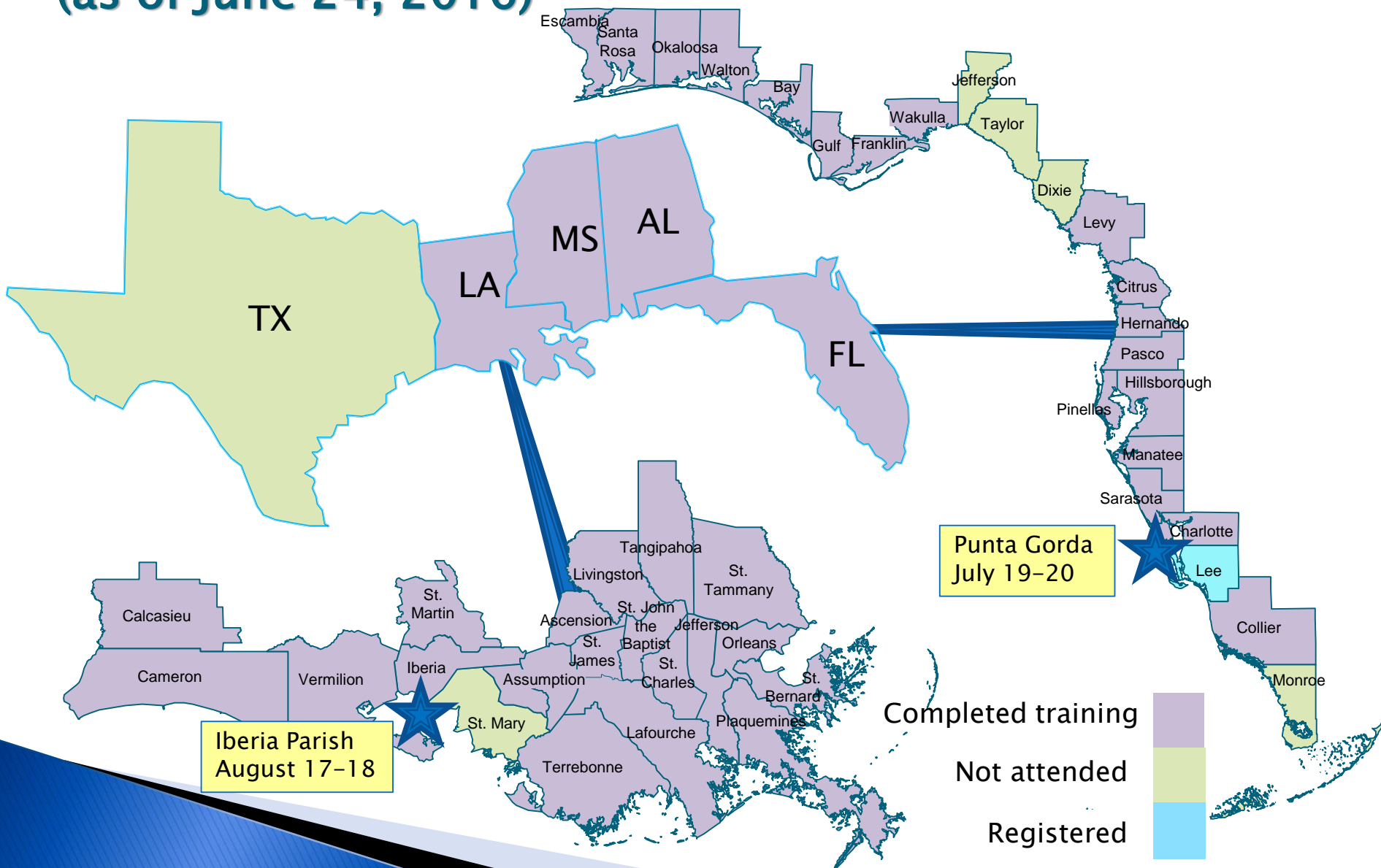
# Status: Direct Component and Centers of Excellence Research Grant Programs

## Treasury

- Accepted 14 multiyear plans – 5 FL counties, 7 LA parishes, States of Louisiana and Mississippi
- Posted 5 rounds of Direct Component and Centers of Excellence (COE) Research Grants funding opportunity announcements
- Awarded 5 Direct Component grants for the preparation of a multiyear plan and 2 for Direct Component projects
- Awarded 3 COE grants

Type of Application	# Received	# Withdrawn	# Complete	# Approved / Accepted	# Denied
Multiyear Plans	15	0	14	14 (accepted)	0
Direct Component Planning Assistance to Develop Multiyear Plan	12	3	6	5	0
Direct Component Project (Consistent with Multiyear Plan Accepted by Treasury)	17	1	7	2	0
Centers of Excellence Research Grants	4	0	3	3	0

# Status of Grants Management Trainings (as of June 24, 2016)



# Compliance

*Treasury is ensuring that grant recipients are prepared to manage RESTORE grants appropriately*

- ▶ All eligible applicants complete a documented Operational Self-assessment (OSA) of their internal control environment before grants are awarded (due annually on June 30<sup>th</sup>).
- ▶ Treasury conducted and sent out in April 2016 initial reviews of 32 eligible applicant policies and procedures to assess alignment with the new OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200).



# Looking Ahead – Gulf Coast Restoration Trust Fund and BP Consent Decree

- ▶ Transocean (\$816 million) and Anadarko (\$128 million) have fully deposited their penalties and interest into the Trust Fund for a total of \$944 million.
- ▶ On April 4, 2016, the U. S. District Court for the Eastern District of Louisiana entered a consent decree resolving civil claims against BP Exploration & Production Inc. (BP) arising from the Deepwater Horizon Oil Spill.
- ▶ Under the terms of the consent decree, BP must make payments totaling approximately \$14.9 billion, of which \$5.5 billion plus interest is for Clean Water Act civil penalties.
- ▶ BP will pay \$5.5 billion in Clean Water Act civil penalties over 15 years, from April 2017 through 2031, with interest to be paid in 2032. Pursuant to the RESTORE Act, 80% of the \$5.5 billion (approximately \$4.4 billion) will be deposited into the Trust Fund.
- ▶ The BP settlement brings the total amount to be deposited into the Trust Fund to approximately \$5.3 billion plus interest.

# Near-Term Projects and Pre-award Costs

- ▶ A county is strongly encouraged to notify the Office of Gulf Coast Restoration in advance whenever it plans to seek reimbursement of pre-award costs as part of a future grant application.
- ▶ Any costs that a county incurs before receiving a grant are considered pre-award costs, which are incurred at the county's own risk.
- ▶ The Direct Component multiyear plan provides an excellent opportunity to communicate plans for projects to the public and Treasury, including debt financing and project timing.
- ▶ While nothing prevents a county from issuing a bond or incurring a debt obligation to finance a project, or from seeking reimbursement for pre-award project costs under the RESTORE Act; the county incurs pre-award costs and engages in advance financing at its own risk.
- ▶ Treasury can only approve pre-award project costs that would have been allowable if incurred within a RESTORE Act grant's period of performance, and will provide written approval only through a notice of award or other post-award notification.
- ▶ Treasury cannot approve pre-award costs or make a grant that exceeds the county's current Trust Fund allocation.



# Reimbursement for Financing Costs

- ▶ There are limited circumstances in which Treasury may reimburse a county for debt financing costs.
- ▶ If the project is for the acquisition, construction, or replacement of capital assets that would be used by the county in support of Federal awards, the debt financing costs may be allowable subject to the conditions set forth in 2 C.F.R. § 200.449(c)—(g).
- ▶ The Uniform Guidance at 2 C.F.R. § 200.12 defines “capital assets” as:
  - . . . tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP [Generally Accepted Accounting Practices]. Capital assets include:
  - Land, building (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease–purchase, exchange, or through capital leases; and
  - Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).
- ▶ A county may receive reimbursement from Treasury for eligible debt financing costs only associated with the construction of a capital asset project, and only for financing costs incurred prior to project completion (unlike the Department of Transportation’s Grant Anticipation Revenue Vehicle (GARVEE) program).

# Important Considerations

- ▶ All RESTORE Act grants awarded by Treasury must comply with the Act, Treasury's final rule, and federal laws and regulations on grants, including the Uniform Guidance.
- ▶ A county should pay particular attention to the following Uniform Guidance provisions before issuing a bond for which it will seek reimbursement from the Trust Fund:
  - **Procurement** – If some or all of the work will be accomplished through a contract, the procurement standards of 2 C.F.R. §§ 200.317—200.326 must be met.
  - **Cost Principles** – All of the costs for which an eligible entity plans to seek reimbursement must meet 2 C.F.R. Part 200, Subpart E – Cost Principles of the Uniform Guidance.
  - **Pre-award Costs** – Written approval from Treasury is required for any costs incurred prior to the issuance of a grant award. Pre-award costs should be requested as part of an application for funding (See 2 C.F.R. § 200.458).
  - **Interest and Financing Costs** – Costs incurred for interest on borrowed capital or the use of the county's own funds, however represented, are unallowable (2 C.F.R. § 200.449(a)). Only financing costs (including interest) to acquire, construct, or replace capital assets, that would be used by the non-Federal entity in support of Federal awards, may be allowable, subject to conditions (See 2 C.F.R. § 200.449(c)—(g)).

# Suggestions

- ▶ Stay in communication with Treasury staff – *let us know what you are planning*
- ▶ We can provide feedback on draft multiyear plans and draft grant applications
- ▶ Encourage your staff to participate in training
- ▶ We want to help, so feel free to ask questions at [restoreact@treasury.gov](mailto:restoreact@treasury.gov)
- ▶ Additional information is available at Treasury's RESTORE Act website at:  
<http://www.treasury.gov/services/restore-act/Pages/default.aspx>