

# Natural Gas Distribution Infrastructure Safety and Modernization Grants Webinar Series



## FY 2023 NOTICE OF FUNDING OPPORTUNITY WEBINAR



U.S. Department of Transportation  
Pipeline and Hazardous Materials  
Safety Administration

PHMSA: Your Safety is Our Mission



# Topics

- FY2023 NOFO
- Environmental Review
- Title VI
- FAQs



# New for FY2023

- Doubles the funding from \$196M to \$392M utilizing FY 2023 and FY 2024 funding.
- References the intent to fully fund as many highly rated projects as possible (statutory cap of \$125M per applicant still in place).
- Prioritizes older pipeline distribution systems actively leaking methane, which will take precedence over pipeline systems that are prone to leaking or anticipating leaking in the future.
- Implements lessons learned from the FY 2022 NOFO by adding clarifying language.



# New for FY2023, continued

- Updates the technical and programmatic evaluation questions to better align with the needs of the NGDISM program to ensure funding is provided to projects most in need.
- Provides examples of eligible and ineligible projects.
- Requests applicants to rank their projects in order of priority/need. PHMSA will assign ratings to projects instead of applications this year.
- Clarifies that an environmental assessment is not an application requirement.
- Informs applicants that contingency costs, if applicable, may not exceed 10 percent.



# Eligibility and Purpose

**Eligibility:** Available to municipality or community-owned utilities (not including for-profit entities).

**Purpose:** To repair, rehabilitate, or replace high-risk, leak prone natural gas distribution pipelines, or to acquire equipment to:

- 1) Reduce natural gas pipeline incidents and fatalities
- 2) Avoid economic loss from leaks



# Required Registrations

Applicant responsibilities prior to applying:

1. Register with the System for Award Management (SAM).
2. Register with Grants.gov
3. Register with FedConnect



## Register with SAM.GOV

- **Unique Entity Identifier (UEI).** New entities can get their Unique Entity ID at [www.SAM.gov](http://www.SAM.gov) and, if required, complete an entity registration. Registration information must be confirmed each year for registration to remain valid.
- **Designate a point of contact (SAM POC).** This person is responsible for maintaining the accuracy and timeliness of the information in SAM's registry. Upon a successful registration, the SAM POC will receive a PIN Number that will enable you to update your organization's SAM information, as necessary.

## SAM Customer Service:

Federal Service Desk URL: [www.fsd.gov](http://www.fsd.gov)

Hours: 8am – 8pm (Eastern) Phone: 866-606-8220



## Register with GRANTS.GOV

- New users will go to [www.grants.gov](http://www.grants.gov) and select “Register.” New user registrations can take up to two weeks to complete the approval process.
- Add an organization applicant profile to begin application process.





# Grants.gov NOFO

**FY 2023 Notice of Funding Opportunity is located on**

[www.Grants.gov](http://www.Grants.gov)

Search By

Opportunity Number: 693JK323NF0014

Grant Program: NGDISM

CFDA: 20.708



# Grants.gov NOFO

## Submit required forms:

- Standard Form (SF) 424 - Application for Assistance
- SF 424A (Equipment Only Applications) **or**;
- SF 424C (Construction Applications with or without Equipment)
- Grants.gov Lobbying Form
- USDOT Standard Title VI (Non-USDOT forms will not be accepted)



# Grants.gov NOFO

## Created by Applicant and uploaded to Grants.gov

- Cover Letter
- Project Narrative
- Budget Narrative
- Indirect Cost Rate information (if applicable)
- Most current Distribution Integrity Management Plan (or portions to support project)
- Most current PHMSA Gas Distribution System Annual Report
- Additional attachments per applicant's discretion (maps, pictures, charts, etc.)



# NOFO Checklist

## Cover Letter

1. Does the application's cover letter include all the following?

- The name and title of the NOFO
- Your organization/natural gas system's name
- A brief overview of the governance structure of your organization/system and/or natural gas system's leadership
- Your organization's/system's experience and capacity, or the ability to obtain experience and capacity, to manage Federal grant programs



# NOFO Checklist

## Cover Letter

2. Does the application's cover letter include sufficient contact information for the project representative and the authorized representative?



# NOFO Checklist

## Cover Letter

3. Did the applicant include a statement verifying/affirming they are a municipal or community owned gas distribution utility and have the legal authority and capability to perform pipeline infrastructure repairs, rehabilitation, or replacement, in accordance with 49 CFR § 192, and to purchase equipment?



# NOFO Checklist

## Project Summary and Detailed Project Description

4. Does the application include a project summary that provides a high-level view of the overall project/equipment needed to repair, rehabilitate, or replace the natural gas distribution pipeline system and its major components?
5. Does the application include project prioritization?
6. Does the application identify the project location?
7. Does the application include a project schedule that identifies all major project milestones from beginning to completion?



# NOFO Checklist

## Project Summary and Detailed Project Description

8. Does the application identify how the project is eligible for funding under this NOFO?
9. Does the application include a project funding table?
10. Does the application include a detailed project description?





# NOFO Checklist

## Projected Outputs and Objectives

11. Does the application provide quantifiable and measurable outputs planned for the grant's period of performance?

12. Does the application sufficiently address the four output criteria?

- Output Criteria #1: Safety
- Output Criteria #2: Climate Change and Sustainability
- Output Criteria #3: Workforce Development, Job Quality, and Wealth Creation
- Output Criteria #4: Equity



# NOFO Checklist

## Project Implementation and Management

13. Does the application provide a description of the monitoring and quality assurance plan to ensure successful project completion within the period of performance?

## Statement Certifying Compliance with Equity Requirement

14. Does the application include a statement certifying compliance or future compliance with EO 13985?



# NOFO Checklist

## Domestic Preference/Buy America

15. Does the application include a statement certifying they will comply with Domestic Preference/Buy America and/or include an assessment of materials, products, or manufactured products that would require an exception or waiver of the Buy America provisions?



# NOFO Checklist

## Budget Narrative

16. Does the application's budget narrative appear to be consistent and completed properly?
17. Does the application's budget narrative align with the corresponding SF-424A or SF-424C?
18. Does the application's budget narrative provide an explanation, breakout, or itemization of project costs for each applicable line-item category?



# NOFO Checklist

## SF-424C

(Construction Applications with or without Equipment)

| COST CLASSIFICATION |   |
|---------------------|---|
| 1.                  | Administrative and legal expenses                 |
| 2.                  | Land, structures, rights-of-way, appraisals, etc. |
| 3.                  | Relocation expenses and payments                  |
| 4.                  | Architectural and engineering fees                |
| 5.                  | Other architectural and engineering fees          |
| 6.                  | Project inspection fees                           |
| 7.                  | Site work   |
| 8.                  | Demolition and removal                            |
| 9.                  | Construction                                      |
| 10.                 | Equipment   |
| 11.                 | Miscellaneous                                     |
| 12.                 | SUBTOTAL (sum of lines 1-11)                      |
| 13.                 | Contingencies                                     |
| 14.                 | SUBTOTAL  |
| 15.                 | Project (program) income                          |
| 16.                 | TOTAL PROJECT COSTS (subtract #15 from #14)       |

## SF-424A

(Equipment Only Applications)

| 6. Object Class Categories |                                     |
|----------------------------|-------------------------------------|
| a.                         | Personnel                           |
| b.                         | Fringe Benefits                     |
| c.                         | Travel                              |
| d.                         | Equipment                           |
| e.                         | Supplies                            |
| f.                         | Contractual                         |
| g.                         | Construction                        |
| h.                         | Other                               |
| i.                         | Total Direct Charges (sum of 6a-6h) |
| j.                         | Indirect Charges                    |
| k.                         | TOTALS (sum of 6i and 6j)           |

- Supplies include equipment purchases of less than \$5,000.
- If you have equipment less than \$5,000 it should be listed under the Miscellaneous or Supplies category.



# NOFO Checklist

## Equipment Costs

19. Are the application's equipment cost(s) reasonable?
20. Does the application include quotes for equipment?

## Contingency Costs

21. If applicable, are the application's contingency costs at or below 10-percent?



# Indirect Costs

- Indirect costs are costs that are not readily chargeable to a particular program or function, but benefit all programs and functions operated by the non-Federal entity. Some examples are:
  - depreciation on buildings,
  - the costs of operating and maintaining facilities, or
  - general administration and expenses.
- Generally, these kinds of costs are identified, pooled, and charged against individual programs or funding sources using a rate designed to recover the costs.



# Indirect Costs, continued

- Applicants may use an existing Indirect Cost Rate (ICR) that has been negotiated with PHMSA or utilize the 10% *de minimis* rate.
- Once elected, the 10% *de minimis* rate must be used consistently for all Federal awards received by the non-Federal entity.
- If applicants choose to claim indirect costs, they must be calculated using the Modified Total Direct Cost (MTDC).
- The MTDC is defined in the Code of Federal Regulations (CFR) at [2 CFR 200.1](#)





# Other Costs to Consider

- **Pre-Award**  
Permitting, Licenses, Grants Management Training
- **Environmental**  
NEPA Tier 2
- **Site Restoration**  
Asphalt, Grass, Concrete, etc.
- **Single Audit**
- **Inflation**



# Environmental Review

## For Provisionally Selected Applicants

- PHMSA completed its Nationwide Tier 1 Environmental Assessment in 2022. The Assessment is available on our [website](#).
- PHMSA notifies Project Proponents of their selection
- PHMSA provides selected grantees access to the Tier 2 Site Specific Environmental Assessment for completion.
- PHMSA is actively reviewing whether this program may include categorical exclusions.



# Title VI Requirements

If provisionally selected, the Office of Civil Rights (OCR) will conduct an evaluation of applications to ensure recipients comply with Title VI of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973.

- Title VI of the Civil Rights Act of 1964 is a federal law that prohibits discrimination on the basis of race, color, or national origin in all programs or activities receiving federal funding.
- Section 504 of the Rehabilitation Act of 1973 is a national law that protects qualified individuals from discrimination based on their disability.



# PHMSA's Ongoing Technical Assistance Commitment

PHMSA is committed to providing technical assistance to applicants throughout the grant application process. Below are some of the dedicated initiatives to help applicants.

1. Prompt updates to FAQ document on [grants.gov](https://www.grants.gov) and PHMSA's NGDISM website.
2. Direct technical assistance to applicants for the Environmental Review and Title VI/Environmental Justice process.



# FAQs

## FREQUENTLY ASKED QUESTIONS



**NEW** FAQs for the Natural Gas Distribution Infrastructure Safety and Modernization Grant Program  
June 9, 2023

|    |   |  |
|----|---|--|
| 1. | I only see one location available on the SF-424 for a single contact. Where should additional contacts be listed?                   | <p>There are two contact information sections on the SF-424:</p> <p>The programmatic/application contact in Section 8f.</p> <p>The authorized representative's contact in Section 21.</p>  |
| 2. | What level of documentation is required to ask for new Leak Detection Equipment?  | Applicants should describe the need for the equipment such as current leaks or unlocatable pipe. The project narrative should include sufficient detail about the equipment and how it will support the purpose of the grant program. Quotes or market research should be provided to justify the cost of the equipment. |
| 3. | Will applicants who did not receive provisional funding receive any grant application feedback to help improve future applications? | PHMSA has completed its debrief period for FY 2022 applications. Nearly 60 applicants received debriefs.   |
| 4. | Are risk assessment activities an eligible project expense?   | No. Activities that are already required by regulation such as updating DIMP plans is considered to be out of scope.   |
| 5. | Are projects related to access issues eligible?   | These projects are a low priority for the program unless a compelling safety case can be made. NGDISM grant applications must demonstrate that the proposed project will lead to infrastructure updates that reduce safety risks and/or leaks. Relocation of pipelines or  |

|    |   |   |
|----|---|---|
|    |   | distribution mains due to access issues is a low-priority project in comparison to other projects having a higher safety risk.  |
| 6. | How do we get access to previously submitted successful applications? | Requests to obtain previously submitted successful applications must go through PHMSA's FOIA office. <a href="mailto:PHMSA.FOIA@dot.gov">PHMSA.FOIA@dot.gov</a>   |
| 7. | Can cost estimates include an inflation factor?                       | <p>Yes. Cost estimates should be the best possible estimates/projections.</p> <p>Applicants are encouraged to account for all anticipated costs, including fluctuations/any anticipated increases, when preparing their project budgets. Once a Notice of Grant Agreement (NGA) is executed, PHMSA is unable to add additional grant funding to cover additional costs. However, if the award is for more than the actual costs, PHMSA will reimburse for the actual costs.</p> |
| 8. | Are there plans to cap project awards at \$10M like FY2022?           | PHMSA does not have any current plans to cap awards at \$10M  |
| 9. | Are there restrictions to public bidding of proposed project(s)?      | Applicants should follow their own procurement policies and ensure that those policies align with 2 CFR § 200.318 General procurement standards. You must, to the maximum extent practicable, ensure open and free competition in your procurement process. 2 CFR 200.319.  |

|     |   |   |
|-----|---|---|
|     |   |   |
| 10. | With FY23 & 24 are combined does that change the applicant amount an entity can apply for?  | No. The statutory cap of 12.5%, of one billion dollars (or \$125 million) is authorized over the grant's five years per applicant/entity.   |
| 11. | Can engineering fees be included as part of the PHMSA Grant funding?  | On the required Standard Form (SF) 424C, Budget Information for Construction Programs, applicants must identify all costs associated with proposed projects by line item. SF-424C, lines 4 and 5, are for architectural and engineering fees. Applicants should refer to the SF-424C instructions when completing the SF-424C to understand what is allowable under these line items. |
| 12. | How many applications received a rating of Highly Recommended and did not receive funding In the last funding cycle (FY 2022)?      | 24 highly recommended applications were unfunded. The total funding requested by FY22 applicants well exceeded our available FY22 grant funding and PHMSA was unable to fund all applications/projects rated highly recommended.  |
| 13. | Please explain the logistics of the funding spread over 2 calendar years. Does FY23 cover 2023 and 2024? Will there be a FY24 NOFO? | Projects funded through the FY23 NOFO will utilize FY23 and FY24 funding. There will be a FY24 NOFO utilizing FY25 funds. PHMSA will recover any deobligations throughout the program and make them available for the final year of funding.  |



|     |  |   |
|-----|--|---|
| 14. | What is the required match what percent?   | There is no match requirement with this grant program.  |
| 15. | My town has a lot of work to do, but we can't possible do it all in a couple of years (we don't have the bandwidth to oversee the work, etc.) Can we apply one time for a grant for the entire project and receive grants split up over 4 years? | Yes, applicants are encouraged to apply for projects that can be completed in five years or less. If an entity is selected for an award, the performance period will depend on the timeline submitted in the grant application. Applicants selected for an award do not have to come back in to apply each year for a previously awarded project.     |
| 16. | Can recipients reapply? My town received a grant last year (2023) but we have more work to do... can we reapply? If so, will the performance period overlap with the previous grant's 60 months, or do we get an additional 12 months?           | <p>Unawarded FY22 NGDISM projects and/or new projects may be submitted for FY23/future NGDISM NOFO funding.</p> <p>If an entity has multiple approved NGDISM projects under different NOFOs, the period of performances of all approved projects may overlap.</p>   |
| 17. | Are projects that replace legacy plastic pipe still considered Eligible Projects?  | Yes.  |
| 18. | Is Advanced Metering Infrastructure? (AMI) eligible?   | The purchase of equipment to improve an operator's leak detection system or address a vulnerability that could lead to the unsafe operation of a system falls within the scope of the program. However, applicants should consider whether equipment costs are reasonable and cost effective compared to other equipment that serve the same purpose. |

|     |   |   |
|-----|---|---|
| 19. | Is installing new valves to reduce the number of miles of pipes and customers of being shut off for repairs grant eligible? | Upgrades for normal operator maintenance required by regulations do not meet the intent of this grant.  |
| 20. | How do tribes include the Gas Distribution Annual Report if we are not a PHMSA regulated utility?                           | For federally recognized tribes, please submit documentation about your natural gas distribution system so that PHMSA may verify that the eligibility requirements are met.                 |
| 21. | What is the typical value of an award?  | FY 2022 awards ranged from \$100K – \$10M   |
| 22. | Can this funding be used as a match in conjunction with funding from other agencies such as FEMA or HUD?                    | PHMSA recommends that applicants contact the agencies to understand any match restrictions. Generally, federal programs with a match requirement requires entities to use nonfederal funds. |
| 23. | Can this funding be used to repay a USDA loan for a project that has not started?   | PHMSA recommends that applicants contact the USDA loan office to understand any loan repayment restrictions.  |

# Contact Information

[PHMSAPipelineBILGrant@dot.gov](mailto:PHMSAPipelineBILGrant@dot.gov)

202-366-7652

PHMSA will collect questions by email or phone and respond via [grants.gov](http://grants.gov).

