Grant Basics
VLCT SERIES

BEFORE THE GRANT 4/9

YOU ARE HERE

DEVELOPING AND FUNDING THE PROJECT
5/28 10 AM – 12 PM

GRANT MANAGEMENT
8/20 10 AM – 12 PM

SUCCESSFUL PROJECT

Vermont League of Cities & Towns
SERVING & STRENGTHENING LOCAL GOVERNMENT

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VLCT's Federal Funding Assistance Program

We do the work, so you don't have to.

- **Funding opportunities** right for municipalities
- **Consults on Call*** to self-book time with our team
- **Frequently Asked Questions** related to grants
- **Resources** to win and manage grants

Coming soon – We are growing! Access more technical assistance through our new Government Finance Specialist and Municipal Operations Specialist! Learn more **HERE**.

Find us: **https://www.vlct.org/federal-funding-assistance-program-ffaarpa**

Contact us: **FFA@vlct.org**
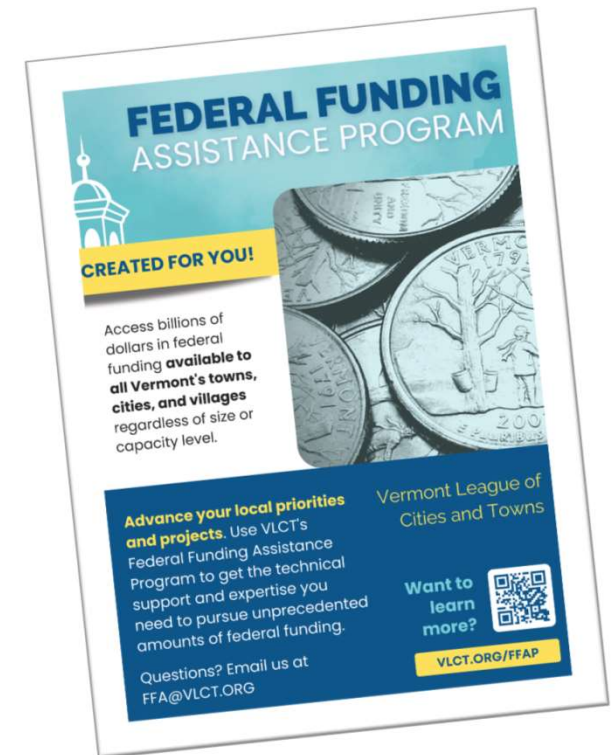
***Members only.** Must have an official role with a VLCT member organization (selectboard, city council, trustee, Town Manager or Administrator, town clerk, treasurer, planning commissioner, conservation commissioner, energy committee, etc.).

FEDERAL FUNDING ASSISTANCE PROGRAM

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Access billions of dollars in federal funding **available to all Vermont's towns, cities, and villages** regardless of size or capacity level.

Advance your local priorities and projects. Use VLCT's Federal Funding Assistance Program to get the technical support and expertise you need to pursue unprecedented amounts of federal funding.

Questions? Email us at FFA@VLCT.ORG

Vermont League of Cities and Towns

Want to learn more?

VLCT.ORG/FFAP

Today's Topics

- Project Development Lifecycle

- Funding – Building a Funding Stack

- The Project Budget

- Grants and How They Work – Ideas, Tips and Best Practices

- What Funders Want (and Don't Want) to See in an Application

- Understanding Local Match

- Accessing Capacity and Filling Gaps

The recorded training will be posted in the VLCT Resource Library at https://www.vlct.org/resource-library

We Have An Idea!

Project Development Lifecycle

- Even though project types can be similar, each one is unique in its characteristics, scope and outcomes

- Some projects only require the completion of an early phase or two to determine if the project is feasible and what the budget might be.

- As projects move through the phases of project development, the:
  - Scope of work becomes more clearly defined
  - Budget estimates become more realistic
  - Schedule and delivery become more certain

Is the idea a good one?

Project Development Lifecycle

Phase 1
Ideation

Maybe!

- Planning process
- Is it a local priority/need?
- Is there political will?
- Will there be resident impacts?
- Is it identified in your Town Plan or Capital Improvement Plan (CIP)?
- Other plans, studies or research?
- Is your community engaged and there is buy-in?
- *Local capacity/bandwidth (staff, elected/appointed officials, volunteers)?*
- Resident communications
- Select project concept
- Go/No-Go
- Let's go!.....

Is the idea realistic and doable?

Project Development Lifecycle

Ideation

Maybe!

Phase 2
Feasibility

- Alternatives analysis (site, permitting, early EA, access, $, etc.)
- Conceptual design
- Preliminary cost estimate
- Identify potential funding sources
- Identify potential hurdles
- *Local capacity/bandwidth (staff, elected/appointed officials, volunteers)*
- Resident Communications
- Go/No-Go
- Let's Go….

It *IS* realistic and doable. Let's Go!

Project Development Lifecycle

Ideation

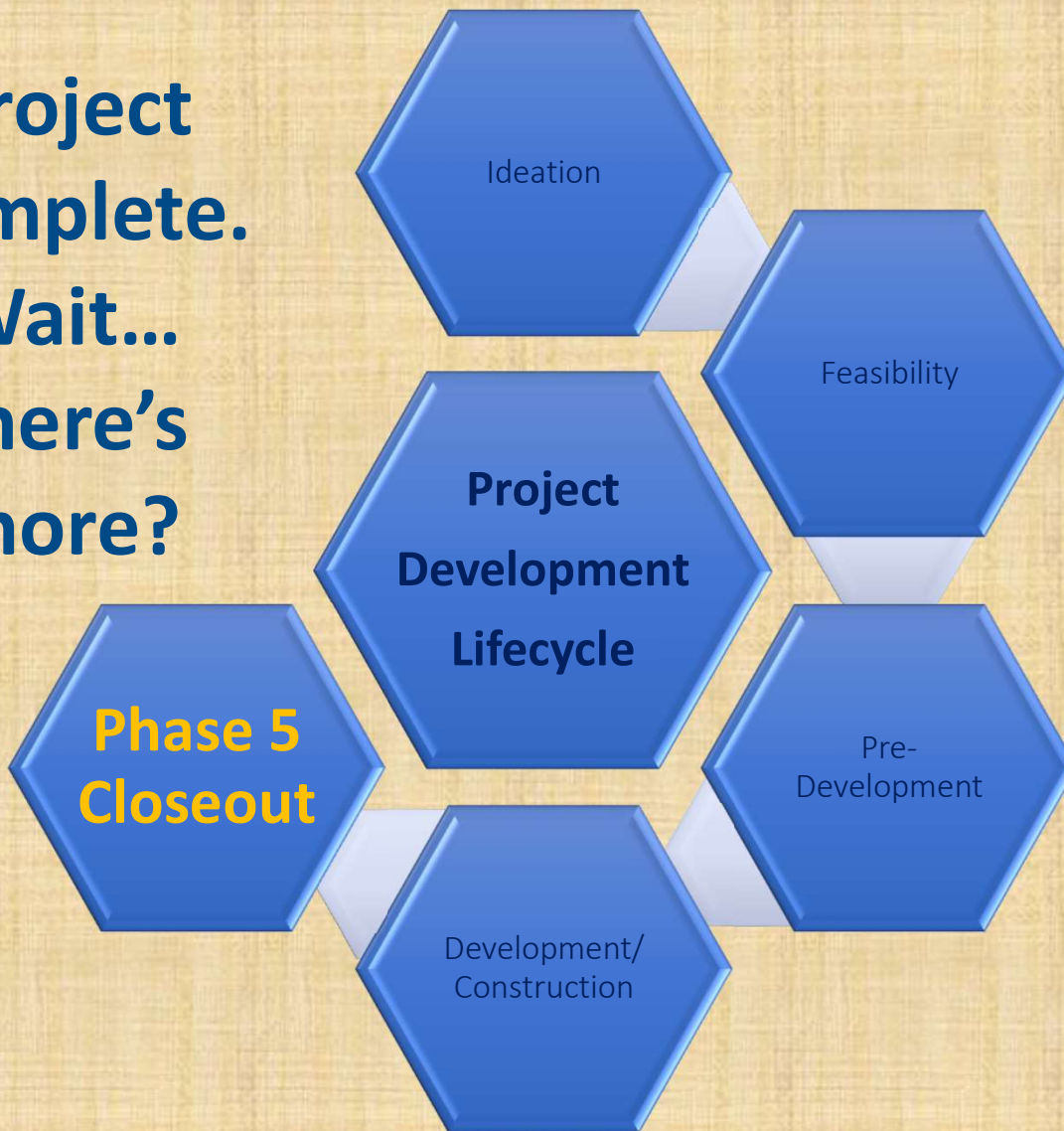Feasibility

Phase 3

Pre-Development

- ***Include your local capacity/bandwidth time commitment***
- Create a resident communication plan & execute it
- Project meetings
- Procure:
  - ✓ ***Project Manager***
  - ✓ Design team
  - ✓ Surveys
  - ✓ Environmental
- Legal review
- Due Diligence
- Design
- Cost estimates & budget
- Secure:
  - ✓ Permits
  - ✓ Agreements
  - ✓ Funding commitments
- Bidding & contractor procurement
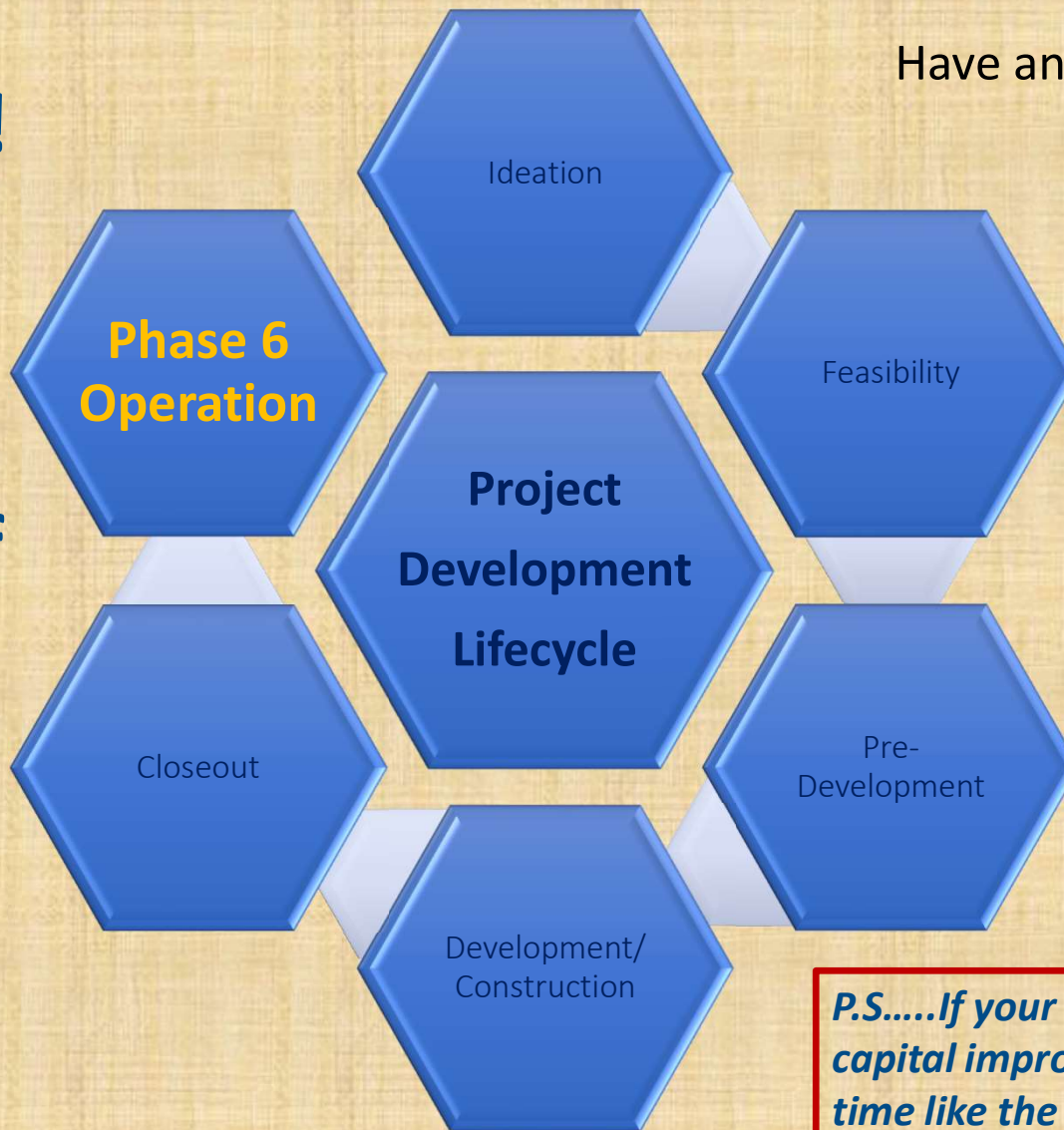- Ground-breaking ceremony?

Ever hear the term: Shovel Ready?

Ideation

Feasibility

Project Development Lifecycle

Pre-Development

Phase 4 Development/ Construction

- *Local capacity/bandwidth time commitment for project related tasks*
- Resident communication plan execution
- Contractor mobilization
- Notice to proceed; Commencement
- Construction
- Project Management
- Contract administration
- Plan/schedule a ribbon cutting ceremony?

Project Complete. Wait... there's more?

Phase 5 Closeout

Ideation

Feasibility

Project Development Lifecycle

Pre-Development

Development/ Construction

- *Local capacity/bandwidth time commitment for project related tasks*
- Continue resident communication plan execution
- Punchlist
- Inspections
- Certificate of Occupancy (if applicable)
- As-Builts; drawings & specs; O&M manuals
- Loan conversion (if applicable)
- Contract closeouts and final payments
- Warranty period

Congrats! You are now the proud parent of this project for its life.

Project Development Lifecycle

- Ideation
- Feasibility
- Pre-Development
- Development/Construction
- Closeout
- **Phase 6 Operation**

Have an asset management plan:

- Annually funding reserves (don't defer)
- Planning and completing annual regular maintenance (don't defer)
- Making repairs as needed (don't defer)
- Scheduled capital improvements (don't defer)

P.S.....If your municipality doesn't have a capital improvement plan (CIP) ....there is no time like the present to create one!

Building a Funding Stack

Building a Funding Stack
What does this mean?

- Most large projects often are not feasible using just cash on hand.

- The larger the project, the more types of funding you will need to complete it.

- The more funding types involved, the more complicated managing the project becomes

- Having a project pipeline driven by a CIP allows you to understand the fiscal impacts of a single project in the scope of other current and future municipal needs.

- Taking a longer-term view encourages funding decisions that are structured to support future financial needs.

Building a Funding Stack

Types of Funding

Understanding your options helps you manage your total financial landscape - both for the project and the municipality.

- Cash (you pay)
- Grants/Incentives (the greater "we" pays)
- Private Fundraising (someone else pays)
- Debt (you pay over time)

Building a Funding Stack
Types of Funding – Ca$h

- Fastest, easiest way to fund a project

- Uses current revenues to pay current expenses

- Use current revenues to save for future expenses

    - Build balances in reserve funds - capital fund for buildings, infrastructure, and/or equipment, project-specific fund, grant match fund, etc.

    - Using the "saving" approach can help stabilize the annual municipal property tax rate

- Often used as local cost share (match) for grants

Building a Funding Stack

Types of Funding - Grants

- Typically, involves a competitive process – "application," "proposal," "request for proposal"

- Are "awarded" for a specific amount and purpose

- Rare for them to cover the full project cost

- Are accompanied by a written "agreement" (think: contract) that includes terms, conditions and requirements ("strings") that will be signed by the "CEO" of the municipality (legislative body or Town Manager)

- Most will not cover work that has already begun

Building a Funding Stack

Types of Funding – Private Fundraising

- A cash contribution (a "gift") from a private entity (a "donor") typically given for a specific purpose

- You need a cause, not just a project – donors want to make an impact for something they care about, so you need to craft your story.

- You need a plan. Private fundraising is more than just asking someone for money. You must identify, understand, and engage with potential donors. This can take time.

- Major/large gifts constitute most of the funds you will raise (think: "capital campaign")

Building a Funding Stack
Types of Funding - Debt

- Borrowed funds must be repaid, usually with interest – you are agreeing to use future revenues to pay a current expense

- You need to understand your capacity for incurring debt – the VT Bond Bank can help you with this

- Using debt can help a project more forward faster; this can decrease cost and allow infrastructure to be operational sooner

The Project Budget

- What is a project budget?
  - It is your project scope in a numbers format.
  - It's a plan of financial action.
  - It starts as estimates then gets refined and finalized as details solidify.
- Is a grant budget different than a project budget? Maybe.
  - A grant can fund the entire scope (ex. paving grant)
  - A grant can fund a part of the scope (ex. only the energy or accessibility improvements for a Town Office rehabilitation project)
- Understanding where your project's funding is coming from and what it pays for is critical.
- Check your math (more than once).
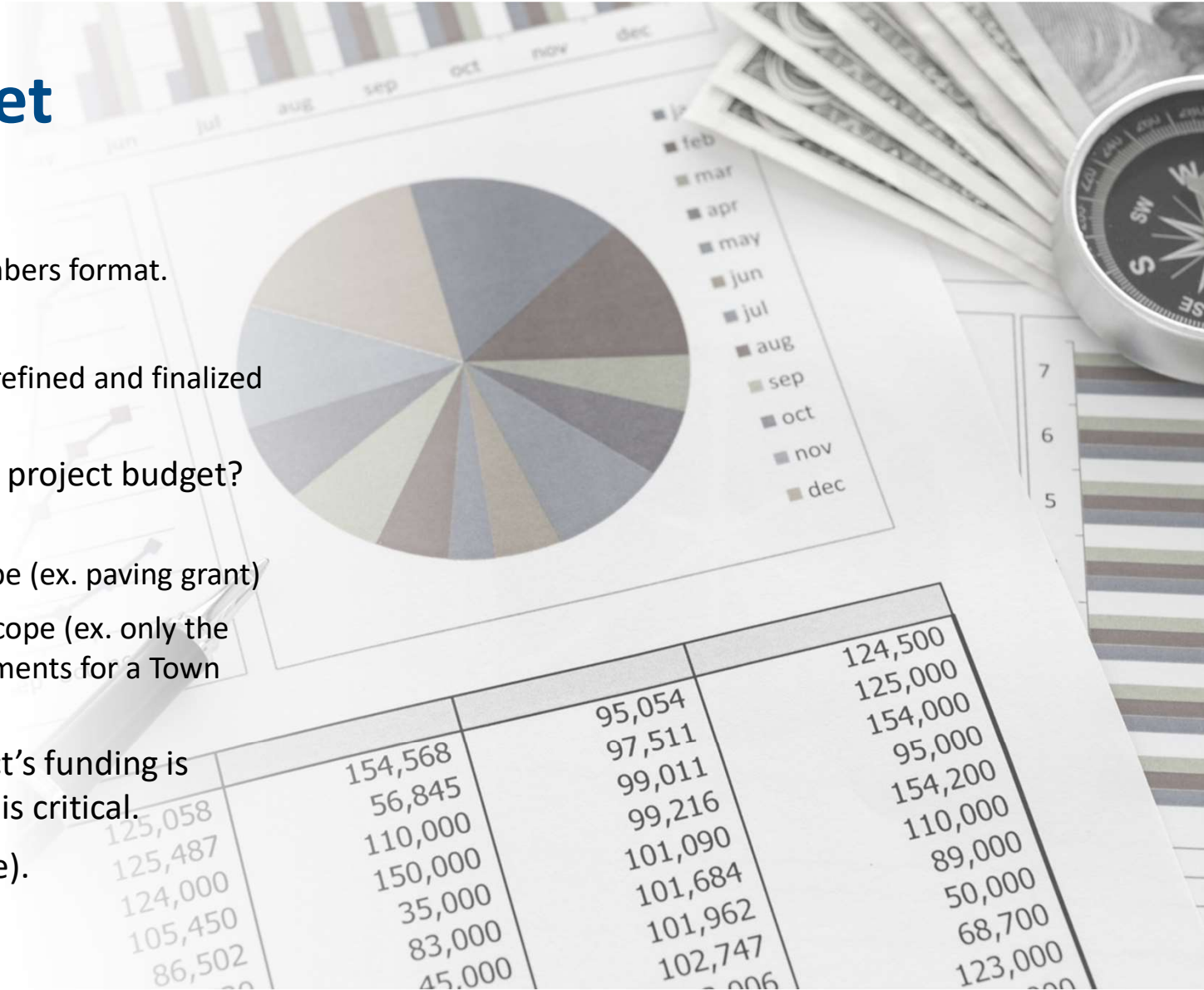
Project Readiness
Know When Your Project is Ready to Apply for Grants

- Know where you are in your project's development lifecycle.
    - Stakeholder engagement – Did it happen during feasibility? Do you need to do more before you apply?
    - Alignment with plans/get in the plan/get on the lists*
    - Have a project delivery schedule
    - Have a current, solid cost estimate
    - Have letters of intent for partner agreements, if applicable
    - Know whether, and what, environmental review and permitting requirements are.
- Make sure your internal systems are ready to apply for and manage funding.
- Check out the 1st part of VCLCT's Grant Basics Series, "*Before the Grant,*" on our Recordings and Resources webpage to access webinar, slides and Q&A.

*VLCT resource: https://www.vlct.org/resource/seeking-funding-get-your-project-priority-list

Grants – Ideas, Tips and Best Practices
Identifying the Right Grants for Your Project

Advance notifications

- Typically provided 30-90 days before a federal grant opens

- Provides critical information about the funding and requirements, like:

  - Whether your municipality an eligible applicant.

  - Whether your project is a good fit with the types of activities the grantor funds (will it be competitive?).

  - If you must attend an application workshop

  - Data needed to support your application (beneficiaries, outcomes, outputs, metrics, etc.)

  - Supporting documents that will be required or are optional.

  - Whether the municipality must hold (and warn appropriately!) any public meetings.

  - If there is a community engagement component.

  - Reporting requirements – frequency and complexity.

  - Etc.

Grants – Ideas, Tips and Best Practices

Identifying and Closing Capacity Gaps

- Can you pull together all the required application components?

- Do you have the internal capacity to:

  o Track the grant funds accurately and separately if awarded?

  o Keep thorough and accurate documentation (executed contracts/agreements, design plans, invoices, cancelled checks, project meeting minutes, etc.)?

  o Have the necessary polices adopted, internal controls in place, systems, processes, procedures, etc. in place?

  o Complete regular, required progress reports to the funder?

- Will you need outside assistance, and if so, where will you get it? (Wait…wait….see next slide!)

- "Is the juice worth the squeeze?"

Grants – Ideas, Tips and Best Practices
Identifying and Closing Capacity Gaps (continued)

- Grants require having the capacity not only to write and administer them but also to complete the project and maintain it over time.

- If you don't think you have capacity, you can add capacity by:
    - Enlisting volunteers to help.
    - Hiring additional staff or sharing a position with another municipality.
    - Working with a service provider.
    - Retain a consultant.

VLCT has published ideas for increasing your municipalities capacity for grants: **https://www.vlct.org/resource/increasing-municipal-capacity-grants**

Grants – Ideas, Tips and Best Practices

Is There an Art to Grant Writing?

(Yes. Yes, there is.)

Understand the funder:

Make your search engine your best friend…do your homework.

- What is their mission?
- Who is on their board as well as the leadership and staff? (or who is evaluation team)
- What types of projects do they fund?
- How are projects awarded? Is there a selection process and committee?
- What are the goals of the program you will apply for? Does your project meet them?
- Look at past award rounds. What projects were funded? Where are they located?
- Does everything you learned align with your project? If so, then…

Make yourself known.

- Who are the people (staff) administering the program? Get to know them.
- If you are unsure, don't guess. Ask questions if you have them.
- If the funder offers an application workshop, participate in it.
- Develop an elevator pitch for your project and repeat it to everyone

Grants – Ideas, Tips and Best Practices
Writing Strategies

Understand the application

- Read the application more than once.

    (Tip: Read it 3 times. Print a hard copy and mark it up with a highlighter, margin notes and sticky notes!)

- Be aware of the application format (Word, PDF, email, online, snail, etc.)

    (Tip: Get the application in Word format so you can easily make progress on it without losing your work.)

- Details matter. Pay attention to the required fields, elements and attachments.

    (Tip: Make a checklist, if one isn't already included in the application materials.)

- Mark your calendar. If you miss the deadline, you've missed your chance (this time).

    (Tip: Mark your calendar with multiple reminders and make a schedule for the application process due dates. Don't let them slip. Factor in vacations and holidays.)

clarity
focus
concentration

Grants – Ideas, Tips and Best Practices
Writing Strategies

- Read the grant notice/application guidance entirely (remember 3's a charm!)

- Highlight requirements (for application; for the funding use; for award management).

- Pay close attention to how and where evaluation points are given.

- Make a list of supporting materials; have a plan for obtaining them.

- If the application is submitted through a portal:

  - Register and review the portal immediately.

  - Who must submit the application – the municipality's "Authorized Representative"?

  - Develop draft of application offline (in a Word doc) and enlist a reviewer.

  - Post information into the grant portal and upload information no less than 3 days before the due date. One week before is better.

Grants – Ideas, Tips and Best Practices
Writing Strategies

- Fill in organizational information first (to give yourself a sense of progress).

- Bullet key points for responses first, then write supporting details. Don't wordsmith the first draft, just mind dump and draft it!

- Answer only the questions asked. Use wording from the question in the application to start your answer.

- Spend most of your time on the questions where the most evaluation points are gained.

- Edit, Edit, Edit!!!

- Make sure your responses are concise, to the point, consistent and accurate.

- Acronyms – Should I use them? Maybe

- Avoid jargon and technical terms.

- Don't BS.

- Edit some more.

Grants – Ideas, Tips and Best Practices
The Grant Budget

- Budget for all activities mentioned; don't skimp in fear of sticker shock.

- Have a current cost estimate. Estimates more than 6-9 months old are stale.
    - Do not guess!
    - Remember to adjust for inflation and other increases.
    - Include contingencies.

- Budget for funder-required activities

- Recoup the cost of fringe benefits for municipal employees (this is not overhead!).

- Have notes for how you determined costs.

- Be aware of unallowable expenses and don't include them.

- Know how/where to present match activities

- Costs must be allowable, reasonable, and allocable

Grants – Ideas, Tips and Best Practices
What Funders Want (and Don't Want) to See in an Application

- Follow the grant guidelines.

- Don't be disqualified for simple avoidable errors.

- Don't waste the funder's time on projects that don't meet the criteria.

- Explain your needs in terms of the funder's interests.

- Did we already say, "check your math"? If your budget numbers are off, you pay, not the funder.

- Funders want to fund projects that have deep impact, tell a great story, and look good in press releases.

Grants – Ideas, Tips and Best Practices
Understanding Local Match

- What is grant match? For federal funds, the definition is: 2 CFR 200.306.

- Types of grant match: cash, in-kind, third-party in-kind

- The "rules" around match:

  o Share the same restrictions as the grant award

  o Must be verifiable, necessary, reasonable, allowable in the budget

  o Generally, in-kind match must occur during the award period, unless otherwise allowable and approved by the grantor.

  o Donations in the form of discounted services are not allowed (conflict of interest)

- Match percentage, sources of match, and other requirements vary from program to program

Final thoughts

Thank You!

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