

## **Defense Community Infrastructure Program Notice of Funding Opportunity**

### **Fiscal Year 2025 Frequently Asked Questions**

These questions are commonly asked of the Defense Community Infrastructure Program. They are intended to provide clarification and further understanding of the Notice of Funding Opportunity.

#### **A. Program Overview and Eligibility**

1. What is the Defense Community Infrastructure Program?

Answer: It is a competitive grant program administered by the Office of Local Defense Community Cooperation on behalf of the Department of Defense to enable states and localities to address deficiencies in community infrastructure supportive of a local military installation. These projects may enhance military value, the training of cadets at covered educational institutions, installation resilience, and/or family quality of life at a military installation.

2. What type of agreement must be in place for an ineligible entity to “partner” with a state or local government?

Answer: It depends on the nature of the partnership. If a partner is to be a sub-recipient of federal assistance grant funding, an executed binding sub-award agreement will be required prior to the disbursement of any federal funding within 12 months of a grant being awarded. The proposal should explicitly state what the partner is responsible for and identify the type of arrangement being sought with the proposer. Projects awarded funding under the program must be owned by a state or local government, or a not-for-profit member-owned utility service.

3. Are communities supporting military installations outside the United States eligible to apply for Defense Community Infrastructure Program grants?

Answer: No. Proposed projects must be located within any of the fifty states, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, or Guam.

4. My project is located on or partially on a military installation owned by the Federal government. Is this project eligible for a Defense Community Infrastructure Program grant?

Answer: Maybe. A project may be located on property under the jurisdiction of a Secretary of a military department so long as that property is subject to a real estate agreement (including a lease or easement).

5. Can an applicant submit multiple Defense Community Infrastructure Program grant proposals for different Defense Community Infrastructure Program projects, or is there a limit on the number of proposals an eligible entity can submit (assuming they have the installation support)?

Answer: Multiple proposal submissions from the same entity are allowed; however, each proposal should only detail a single project. If multiple proposals are submitted enhancing the same installation, installation commanders must state their priorities in the required installation commander letter of support that must accompany each submitted proposal.

6. Can we combine projects into one proposal?

Answer: Only if they are intrinsically interdependent with each other. Otherwise, no.

7. Is a project eligible if site clearing or construction work has begun? What if we demonstrate that it has undergone appropriate environmental and cultural resource review?

Answer: No. Even if the proposer believes the appropriate environmental and cultural resource reviews have been completed, a project is not eligible if ground-disturbing work has commenced.

8. Is cybersecurity considered infrastructure and an eligible project?

Answer: Yes. Infrastructure supporting a cybersecurity function could be considered an eligible project if the project entails construction and results in a complete and usable facility.

9. Are community infrastructure projects that support National Guard and Reserve component installations eligible for Defense Community Infrastructure Program grants?

Answer: Yes.

10. If an entity has a current Defense Community Infrastructure Program grant, does this prohibit an entity from applying for another grant for a different project?

Answer: No. Regardless of where an entity may be in executing a previously awarded Defense Community Infrastructure Program project, it may submit a proposal for consideration for Fiscal Year 2025.

11. Is a project eligible if it has been bid out but ground disturbing work has not commenced?

Answer: Yes, provided the bidding process complies with 2 CFR Part 200 procurement requirements.

12. What documentation can our organization provide to demonstrate that we are an eligible proposer?

Answer: State and local governments and not-for-profit member-owned utility services are eligible to submit a proposal. "State" and "local governments" are defined in Title 2 of the Code of Federal Regulations, Section 200.1 (2 C.F.R. § 200.1)

13. What documentation is required to demonstrate site control?

Answer: Site control may be evidenced by the proposer providing a legal instrument (e.g., deed, title, lease, easement, etc.) authorizing the proposer (or a subrecipient, if a pass-through entity) to

access a specific real estate parcel for the purposes to construct the proposed project and to continue using whatever is constructed.

## **B. Cost Contribution / Match Requirements**

14. How do I determine if the rural local cost share (match) exemption applies to my project?

Answer: The location (county, city, town, or unincorporated area) of the proposed project must have a population of not more than 100,000 to be considered rural; meaning no match is required. Proposals must: 1) state explicitly that the proposed project is located entirely in a rural area; 2) identify the zip code in which the project is located as well as its population; and 3) state the proposer is not required to provide a local project cost share contribution.

15. Will proposals that include a higher local cost contribution from the state or local government be scored higher than proposals that include the minimum local cost share contribution (or no match, in cases where a match is not required)?

Answer: No. The amount of proposed local cost share funds does not factor in the scoring and selection process.

16. Regarding what counts towards the 30% local cost share contribution: can the waiving of rent money for the built-out space count as a portion of the 30% local cost share requirement? This would be for the entire 5-year time period for the space.

Answer: No. The local project cost share must be sourced and available for the explicit use in the construction of the proposed project. Soft costs (e.g., planning and design costs, environmental permit applications and similar pre-construction engineering costs) incurred prior to grant award may count towards the local cost share requirement.

17. Must local cost share funding be available by September 2025 or can funds become available after notification of being invited to apply for a Defense Community Infrastructure Program grant?

Answer: Funds do not have to be available at the time of award; however, in the terms and conditions of the grant award, grantees must agree to provide evidence of the availability or liquidity of the non-federal local cost share prior to disbursements. Any proposal relying on contributions sourced from other federal funds must present a counter-signed financial award at the time of proposal submission to be considered. Any proposal relying on donations must backstop those through a line of credit or other financial instrument.

18. If local cost share contribution (match) will rely on debt financing, when must that debt financing be available for the project—and are there specific conditions that will apply to the grant that may impact debt financing (loan term) agreements?

Answer: All sources of funds for the construction of the enhancement must be firmly committed and liquid to a Grantor within 12 months of the grant award for grant disbursement to occur. Proposals relying on debt financing for any portion of their project must demonstrate how any Federal Interest that is created through the proposed project will be preserved through any subsequent refinancing, foreclosure, or other actions that may change the purpose, life, and/or benefactors of the enhancement that was the basis for the Federal Interest. Defense Community Infrastructure Program funding will not be subordinated to a lien by that may be imposed by a debt financier.

19. If a project qualifies as rural for 100% grant funds and no local cost share funds are needed, can soft costs paid for by Federal grant funds?

Answer: No. Soft costs (e.g., planning and design costs, environmental permit applications and similar pre-construction engineering costs) are not eligible and should not be included in the proposal.

20. Are the 2004 - 2005 Base Realignment and Closure (BRAC) table data being used to assign scores for military value for Defense Community Infrastructure Program projects this year?

Answer: No. While the scoring approach for military value continues to tie back to the military value criteria published in 2004 for the 2005 BRAC round, since the 2021 Defense Community Infrastructure Program competition, the BRAC 2005 military value tables are no longer used to assess military value.

21. Would a project which hasn't entered design phase by the proposal deadline be considered construction-ready?

Answer: The proposal will be evaluated based on its evidence to commence construction quickly after funding is awarded, and a proposal for a project that has not yet entered the design phase will likely receive a lower construction readiness score.

22. If an existing structure is on the building site and is slated to be demolished within the shovel-ready time frame, does that demolition count as the project being shovel ready?

Answer: Yes. The demolition must be part of the scope submitted for the originally ranked proposal.

23. Does the 30% local cost share have to be cash or could it be covered by salaries of staff (i.e., in-kind)?

Answer: The 30% local cost share may include staff salaries if the staff time goes towards construction project administration. The budget must detail the percentage of time staff will spend on the project.

### **C. Proposal Content**

24. In our experience, military command is reluctant to “support” outside-the-wire projects even when they acknowledge the benefits. Program guidelines specify that proposals must include a letter of support. Is this a potential roadblock for applicants?

Answer: A proposal will not be considered without a letter of support from the local installation command. The local installation command letter for the Fiscal Year 2025 competition is a “support” letter, not an “endorsement” letter. An installation commander’s signature on a letter of support is not prohibited under the Joint Ethics Regulations or federal ethics regulations provided that the letter complies with and contains only the information requested in the Fiscal Year 2025 Defense Community Infrastructure Program Notice of Funding Opportunity.

25. To whom should the installation letter of support be addressed?

Answer: The installation letter of support should be provided to the state or local government entity proposing the project. Please address the letter to: Director, Office of Local Defense Community Cooperation, 2231 Crystal Drive, Suite 520, Arlington, VA 22202. Note that the letter must be included in the proposal package submitted in Grants.gov. Direct submissions to the Office of Local Defense Community Cooperation will not be added to any active proposals. Further, proposal submission in Grants.gov that do not include letters will be considered incomplete and will not be reviewed.

26. What is acceptable proof/demonstration of “Project Engineering Information: A demonstration of the technical feasibility of the construction project”?

Answer: A proper demonstration of technical feasibility includes a narrative or other supporting information to allow the Defense Community Infrastructure Program Review Panel to conclude the project is technically constructible, sufficiently scoped, and can be accomplished in accordance with the cost and schedule presented.

27. Soft planning costs such as planning and design cannot be funded by the Defense Community Infrastructure Program grant but can be used for the local project cost share contribution as matching funds. What about engineering services provided during construction?

Answer: Engineering, inspection, and oversight costs during construction are allowable construction costs.

28. Are Operations and Maintenance (O&M) costs included as part of the eligible costs for Defense Community Infrastructure Program?

Answer: No.

29. Regarding the Operations and Maintenance (O&M) costs, one of our cooperatives is thinking of proposing a large generation asset as part of their Defense Community Infrastructure Program bid and is interested in including a warranty for this component. The warranty requires a 10-year maintenance contract and as we understand it, O&M is not an allowable cost. Would a warranty

cost be allowed? If so, if O&M costs associated with the warranty were paid up front, could that be considered an allowable cost under Defense Community Infrastructure Program?

Answer: Yes, but the costs associated with the warranty must be paid during the period of performance.

30. What does Office of Local Defense Community Cooperation expect the grantee and the associated installation to do to assure compliance with federal and state/local pre-construction requirements (e.g., National Environmental Policy Act and Section 106 of the National Historic Preservation Act)?

Answer: The Office of Local Defense Community Cooperation is responsible for affirming compliance with all federal laws for construction projects applicable to the federal funds it awards. To accomplish this, the grant recipient (Grantee) must work with the benefitting installation to conduct the appropriate level of pre-construction review and analysis, including environmental. Construction and ground disturbance may not begin for a grant project until the Office of Local Defense Community Cooperation determines that the National Environmental Policy Act and other pre-construction documentation is complete and is of sufficient quality to inform a reliable conclusion about the potential environmental impacts of the project.

If environmental review was already completed by another agency or the associated military installation for the proposed project, this documentation must be of sufficient quality for the Office of Local Defense Community Cooperation to adopt or otherwise use it for its independent determination under applicable laws.

31. Can Defense Community Infrastructure Program grant funds be used to pay for work needed to comply with environmental requirements?

Answer: No. The cost to prepare environmental permit applications and similar pre-construction engineering costs cannot be funded with federal funds but may be used as a source for the local cost share (match).

32. Do all 6 elements of construction readiness need to be completed prior to submitting a proposal?

Answer: No, not necessarily. Each element of construction readiness is worth 0 to 5 points based on the status of the element. Proposals should clearly demonstrate where they are in the process and an understanding of the steps necessary to be able to begin construction quickly after the grant is award and complete the project within 5 years.

33. Is there a benefit to having more than one installation letter of support?

Answer: If the project benefits multiple installations, the proposal should include letters from each installation, or one installation commander letter of support can be signed by commanders for all benefitting installations.

34. Is there a benefit to including letters of support from a legislative body or other entities (Tribal Nation)?

Answer: Additional letters of support are not required nor is there scoring associated with any letters of support outside of the installation commander letter of support.

#### **D. Supplement, Supplant and Use of Other Funding**

35. Can funds from other (non-Office of Local Defense Community Cooperation) federal sources be used as local cost share (match) for Defense Community Infrastructure Program projects?

Answer: It depends. They must be awarded and accepted by the proposer through a counter-signed award prior to the time of the proposal's submission, and the federal source must indicate the allowability as match. All proposals, including those that include other federal funds as a funding source, must include a copy of a counter-signed funding agreement with the awarding federal agency.

36. Can Defense Community Infrastructure Program federal funding be used to match other partially federally funded projects?

Answer: Yes, this is possible if certain conditions are met. If what each federal program is funding is severable and the funds can be separately managed and accounted for, Defense Community Infrastructure Program funding can be used to match other partially federally funded projects.

37. The language in the Notice of Funding Opportunity prohibiting funds being supplanted—does that only pertain to federal funds or does this program also prohibit supplanting local funds?

Answer: This funding may not supplant other federal funds that may be available for the proposed project and is not applicable to local or other non-federal funding. Supplanting of funds occurs when Defense Community Infrastructure Program federal funding is provided instead of other eligible and available federal funding for the project.

38. If a project (access road) is currently being submitted under Defense Access Roads (DAR), does it still qualify for the Defense Community Infrastructure Program?

Answer: No. This is supplanting the DAR program funding.

#### **E. General**

39. When will the actual grant funds be available for use?

Answer: Following their obligation (no later than September 30, 2025) and compliance with any special conditions of the award, funds are available for up to five years following the year of their obligation.

40. Can existing facilities that require interior finishing qualify for Defense Community Infrastructure Program? And if so, how would federal and state/local environmental requirements apply?

Answer: Any “finishing” activities would need to meet the definition of “construction” as used in the Notice of Funding Opportunity and comply with federal and state/local environmental requirements as well as Section 106 of the National Historic Preservation Act prior to commencing any ground-disturbing and building renovation.

41. Are projects funded by the Defense Community Infrastructure Program subject to federal-based prevailing wage rate requirements?

Answer: The Office of Local Defense Community Cooperation grant funding is not subject to prevailing federal wage rates. Where the Office of Local Defense Community Cooperation grant funding is mingled with another funding source that may trigger federal prevailing wage rates, the entire project would then be subject to the common federal prevailing wage rate requirements. A grantee is responsible for complying with any state-based prevailing wage rate requirements. Grantees are required to clearly document direct and fringe benefit rates.

42. The proposer anticipates utilizing a local Governmental organization to assist with environmental compliance, labor standards compliance, procurement compliance, administrative compliance, and report generation. Does the local Governmental organization need to be procured if Defense Community Infrastructure Program grant funds are being used to pay for those services? Could the local Governmental organization be added as a sub-recipient on the project and not need procurement?

Answer: Local Governmental organizations may be brought in through an intergovernmental agreement. If the applicant decides to include this as part of the grant for the purpose of local cost share, then these services can be obtained in accordance with 2 CFR § 200.

43. Most of the engineering will be completed in house; however, some aspects of final design will be contracted out to licensed engineers. Can engineering procurement take place after the grant application is submitted? Does the procurement need to be completed before application submission?

Answer: Yes, procurements can take place after grant award. However, “soft costs” such as engineering, planning, and design costs are only eligible towards the project local cost share (match).

44. Can you speak to the Office of Local Defense Community Cooperation's coordination with other Federal Agencies and whether Defense Community Infrastructure Program applicants should pursue joint proposals along with their nongovernmental organization/state partners?

Answer: The Defense Community Infrastructure Program may consult with other federal agencies in the consideration of a proposal as necessary, to include review of supplementing of the program funds if it is deemed efficient or economical to do so. The Office of Local Defense



Community Cooperation does not have a position on proposers pursuing joint proposals with other nongovernmental organization/state partners.

45. Is the grant funding firm and fixed to include construction as well as planning and design?

Answer: Yes. Any cost increases are the responsibility of the grantee. A grant must be downwardly adjusted, proportional to the mix of federal to non-federal funding, if actual costs come in below project estimates submitted in the grant application. Note that grant funds may only be used for costs approved based on the budget submitted and approved at the time of grant award. Soft planning costs required for the planning, design, and execution of the proposed project are allowable as a source for non-federal local cost share (match) only.

46. Is the total funding amount divided between the four Defense Community Infrastructure Program enhancement categories in any specific percentages? How will the results of the four different categories be compared for funding priority?

Answer: No. All proposals will be scored based on the merits of each proposal, with scores weighted to prioritize the projects in accordance with legal authority. Proposals will be invited based on gross score ranking and the availability of funding.

47. Regarding “Funding Sources”, the NOFO says that the proposing entity must also state its capability to secure a surety bond prior to construction. Does requiring the contractor to secure the bond suffice? Or does the grant require the applicant to secure the bond?

Answer: Typically, the contractor obtains a surety bond, which is adequate to meet the requirement.

48. If we plan to resubmit the same project from a previous year, is it recommended to use the same proposal but add supporting material or submit an entirely new proposal?

Answer: Since the Notice of Funding Opportunity is different this year, the Office of Local Defense Community Cooperation recommends submitting a new proposal that follows the specific instructions for the Fiscal Year 2025 program.

49. Can we submit a draft to the POC at the Office of Local Defense Community Cooperation for their review prior to the formal submittal?

Answer: No. This is a competitive grant program, and we are unable review proposals prior to the proposal submission due date.

50. I will submit a proposal that will include a narrative and supporting documents that combined will not exceed 21 pages – do you want the narrative and documents compiled into a single PDF or do you want the supporting documents uploaded separate from the narrative? Is the narrative uploaded using “ADD ATTACHMENTS”? Is the SF-424 the only form required at this time?

Answer: Proposers may combine all documents into one document (Microsoft Word or PDF) at their discretion. If proposers wish to attach separate files (subject to the file types accepted by Grants.gov), please use Section 15 of the Grants.gov SF-424 or use the Attachments Form to add attachments.

The SF-424 is the only standard form requested (and is created within the Grants.gov submission). Please be advised, while the SF-424 is the only form required, other supporting documentation is required as well as described in the Notice of Funding Opportunity. Also, our use of the term ‘proposal’ equates to the term “pre-application” in Grants.gov for the purposes of this program.

51. In reference to a requirement for a project to include a “Federal Interest” for the life of the improvements, how is this interest memorialized? Can a project be sold at some point in the future and the Federal Interest be assigned to a new owner (and that owner may not be a unit of local government)?

Answer: Federal Interest is typically memorialized in a document (i.e., a Notice of Federal Interest) attached to the deed of the property on which the project is constructed or documented on the title of a piece of equipment as appropriate. Please refer to 2 CFR §200.311 “Real Property” and §200.313 “Equipment” for the requirements associated with Federal Interest associated with a federal award; specifically, use of OMB’s Standard Forms 428 (for equipment) and 429 (for real property). In the case of the sale of property subject to Federal Interest, the grantee is required to seek Grantor prior approval through submission of a Standard Form 429 Attachment C prior to any sale of property subject to a Federal Interest.

52. We are applying for a Defense Community Infrastructure Program grant while also currently managing another grant with the Office of Local Defense Community Cooperation. Does the fact they would be managing two grants present a problem?

Answer: No.

53. Does the local township/county usually end up covering the cost to draft up the grant?

Answer: Yes. The costs incurred to prepare a proposal or application are not Defense Community Infrastructure Program grant allowable costs.

54. Can real property be purchased under the Defense Community Infrastructure Program?

Answer: No, real property (e.g., land, buildings, etc.) cannot be purchased as part of a project under the Defense Community Infrastructure Program. Costs for such acquisitions are not eligible either as paid by the federal government or as part of a local cost share (match) contribution. However, grantees may include the appraised value of land as part of its local match, including land donated independently of the project scope of work. The value of this property must be supported through an independently reviewed Fair Market Value appraisal if to be considered as part of match.

55. If the proposal involves the use of land owned by the applicant, can the value of the land be used as any portion of the cost share?

Answer: Land acquired prior to the award of a Defense Community Infrastructure Program grant that is integral to a proposed project may be an eligible source for the local cost share contribution. Please refer to 2 CFR § 200.402-409, and 2 CFR § 200.465 for specific cost principles as well as direction on how to assess Fair Market Value for the purposes of the project. Use of Defense Community Infrastructure Program federal grant funds to pay for real property acquisition costs for the proposed project are not an allowable cost.

56. What are the responsibilities of a local government entity partnering with a member-owned, not-for-profit utility on a project owned by the utility and working with the utility as a sub-recipient?

Answer: The local government, as a federal grant recipient or Grantee, must maintain compliance with grant terms and conditions as well as applicable regulations, including 2 CFR § 200. The grant recipient should be familiar with the subrecipient sections of 2 CFR § 200, specifically § 200.331 through § 200.333.

57. If awarded Defense Community Infrastructure Program grant funds, will an applicant receive the full amount of funding requested or could they be awarded only a portion of the requested funds?

Answer: If awarded, the grantee will receive the full amount of funding requested (between \$250,000 to \$20 million). Projects will not be partially funded.

58. Is the Defense Community Infrastructure Program available to Army Working Capital Fund installations?

Answer: Yes, the program is available to Army Working Capital Fund installations. Proposals must be in partnership with an eligible recipient and detail the contributions from the installation.