

# FACILITY INVESTMENT PROGRAM

## Frequently Asked Questions

The following questions and answers are organized by the following headings/topics for the Facility Investment Program (FIP) funding opportunity (HRSA-10-029) available at <http://bphc.hrsa.gov/recovery/fip/>.

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### ISSUE: Purpose

#### 1. What is the purpose of the FIP funding opportunity?

The Facility Investment Program (FIP) is a funding opportunity under the American Recovery and Reinvestment Act (Recovery Act or ARRA) for existing Health Center Program grantees to address significant and pressing capital improvement needs in health centers, including modernization, renovation, and construction, as well as create employment opportunities in underserved communities over the next 2 years.

#### 2. How should we plan our FIP in regards to the previous Capital Improvement Project (CIP) funding opportunity?

Applicants should propose FIP projects that are distinct and separate from what the applicant proposed in its CIP application. For the FIP opportunity, funds cannot be expended on any approved CIP project activities; further, awards from FIP cannot replace any funds that have been awarded for a CIP project.

- The CIP provided a limited competitive funding opportunity for health centers to “address pressing capital improvement needs in health centers.” Per the intent of the Recovery Act and the CIP, health centers were expected to propose projects that responded to urgent facility or equipment needs based the priorities identified in their communities.
- To ensure that these urgent needs are met with the CIP funds, CIP projects **must** be distinct, stand-alone projects that can be completed without reliance on tentative grant support. Since the FIP is a competitive opportunity with no guarantee of funding, CIP proposals could NOT include

FIP grants as a source of other funding.<sup>1</sup> For example, CIP can support a Phase I stage of a capital project, resulting in a functional, stand-alone completed project; FIP can then support Phase II as long as the functionality of Phase I is not dependent on Phase II. CIP funds must result in complete projects that benefit the health center and respond to immediate needs in the community. A FIP application therefore cannot propose to use FIP and CIP funds for the same project since there is no guarantee that the FIP application will be funded.

### **3. What factors should applicants consider in developing a project and writing the application?**

The applicant should refer to the review criteria, described in Section V.1 of the FIP guidance, throughout the application drafting process. The review criteria fall into four categories, each of which is worth up to 25 points: Need, Response/Impact, Resources/Capacity, and Budget. Critical indicators have been developed for each review criterion to assist the applicant in presenting pertinent information related to that criterion and to provide the reviewer with a standard for evaluation.

We encourage applicants to carefully review the criteria to ensure that they submit strong applications that meet or exceed the established criteria. Note: an application is NOT reviewed against other applications but on how the applicant individually responds to the review criteria.

There are a number of factors to consider when putting together the FIP proposal. Applicants should:

- Ensure the project is an appropriate response to clearly identified, existing needs and meets or exceeds the review criteria established for the FIP funding opportunity.
- Rank immediate organizational needs and prioritize how FIP funds can address those needs.
- Assess capacity to complete the project(s) in a 2-year period.
- Consider the amount of funding available to support the project.
- Include any appropriate and related equipment costs for alteration/renovation and construction.
- Evaluate any significant environmental and/or historic preservation issues that may delay implementation.

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## **ISSUE: Summary of Funding**

### **4. When will the grant be awarded? What is the date of the project period?**

FIP funds will be awarded on or about November 1, 2009. The estimated project period for all FIP grants is November 1, 2009 through October 31, 2011.

### **5. **UPDATED!** Can FIP funding be used to cover costs incurred prior to the award date?**

FIP funds cannot be used to support any costs incurred prior to February 17, 2009 (the date the Recovery Act was enacted) for the FIP initiative. Pre-award costs incurred after February 17, 2009 may be reimbursed only if they are allowable costs; recipients will need to provide documentation of these costs (invoices, delivery slips, receipts, etc.). However, any costs incurred before receipt of the Notice of Grant Award are at the applicant's risk.

### **6. How should the New Access Points (NAPs) funded in March 2009, also under the ARRA, apply for FIP grants?**

All applicants must submit an application via HRSA's Electronic Handbook (EHB) to apply for FIP funding. New Start organizations that were awarded a NAP in March 2009 are eligible to apply, however they cannot propose projects that were funded with NAP funds.

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<sup>1</sup> CIP funds could be used in conjunction with other, committed sources of funding. However, grantees may not commingle or pool grant funding, and all Recovery Act funds must be tracked and reported on separately.

**7. We are unsure whether to begin our Budget Period Renewal (BPR) first or the FIP, which is due on August 6, 2009, because we have seen no guidance on the scheduled deadlines for the BPRs this year. Do you have any idea of this schedule to help us guide our work flow?**

The BPR guidance will be issued soon. Many Health Center Program grantees will find a streamlined BPR guidance and application. We anticipate grantees will be able to complete both a BPR and FIP application within the same timeframe.

**8. Is there any formal notification of a FIP award from the Health Resources and Services Administration (HRSA)?**

Yes. HRSA will electronically transmit a formal notification in the form of a Notice of Grant Award (NGA) that will be provided to the applicant organization/institution.

**9. How much can an applicant request?**

A floor of \$750,000 and a ceiling of \$12 million have been established for this funding opportunity. Eligible applicants can only submit one (1) application, however, they may propose up to three (3) distinct projects. A completed application must request **total** FIP funding equal to or greater than \$750,000 and that does not exceed \$12 million.

**10. Please define “fully obligated” versus “expended.” Does the whole FIP project need to be completed (i.e., Certificate of Occupancy) by the end of the 2-year project/budget period?**

Applicants should propose to obligate (commit; incur an obligation) the grant funds and complete the proposed project(s) by the end of the 2-year project/budget period. HRSA strongly encourages recipients to expend (spend) all funds during the 2-year project/budget period to respond to urgent, immediate community needs. Obligations must be paid for within 90 days of the obligation being incurred. Recipients are not required to have completed the project within the 2-year project/budget period, although HRSA expects that recipients will occupy the facility within a reasonable amount of time after funds are expended.

**11. What is the timeline for the use of FIP funds?**

Recipients of FIP funds should obligate (commit) the grant funds and complete the proposed project(s) by the end of the 2-year project/budget period. HRSA strongly encourages recipients to expend (spend) all funds during the 2-year project/budget period to respond to urgent, immediate community needs.

**12. Will recipients be allowed to extend the original FIP project period beyond 2 years?**

Consistent with the intent of the Recovery Act—to create jobs and respond to urgent, immediate community needs—award recipients are expected to obligate all FIP grant funds within the 2-year project/budget period. If there is a need to extend the project period beyond the original two years, HRSA will work with the recipients, on a case-by-case basis, to adjust the project period. Extensions must be justified and receive previous approval from HRSA.

**13. If a health center is utilizing other sources of funding to supplement a FIP project, do those other sources need to be in-hand or committed?**

An applicant must demonstrate how it will be able to complete the FIP project within the 2-year project period as well as how the health center will maintain the improvements that result from the FIP project. It is in the applicant's best interest to ensure that completion and sustainability requirements will be met by having any other sources of funding for the project secured by the time of application. The applicant assumes all risk associated with unsecured funds.

**14. Will projects be funded for less than the requested amount if they are less competitive or if there are substantially more eligible requests than available funds?**

The review criteria are designed to enable the review panel to assess the quality of a proposed project and determine the likelihood of success. The application must request a specific amount. Projects will not be funded for less than the requested amount, unless there are unallowable costs.

**15. Will FIP awards be all or nothing? If an application proposes more than one (1) project, is it possible for only one project to be awarded?**

Applications will be reviewed and scored in their entirety (i.e., based on all projects proposed in the application), and awards will be made for applicants to implement all projects. If the applicant proposes more than one (1) project, either all or none of the projects will be funded. Applications including more than one (1) project should make sure every single project meets or exceeds the review criteria established for this funding opportunity. Applications that do not meet the review criteria may receive lower scores and therefore may not be funded. If an applicant has a concern that one project may not be as strong as a second project, the applicant should use its best judgment to determine which project(s) to propose as part of the FIP application.

**16. Is there a specific level of entitlements (i.e., use permit) needed to be competitive?**

No.

**17. Is a guaranteed construction contract needed to be competitive?**

No. However, applicants that demonstrate they will be able to complete the project(s) on time and within budget (both are elements of the Review Criteria) should score well given the intent of the Recovery Act funding to address immediate needs.

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## ISSUE: Eligibility

**18. Is there any type of eligibility restriction for this funding opportunity based on the length of an organization's tenure as a health center grantee (e.g., a health center can't apply if it is a new start within the past 1-2 years)?**

No. There is no such restriction for this particular funding opportunity. All applicants are expected to demonstrate, as part of their proposal, the appropriateness of the FIP proposal given the immediate needs of the communities served.

**19. Are FIP funds for all "health centers" or just Federally Qualified Health Centers?**

The Recovery Act specifies that funds are to be used for "grants to health centers...authorized under section 330 of the Public Health Services (PHS) Act" (i.e., only funded Health Center Program grantee health centers). However, unlike the Increased Demand for Services and CIP, the FIP is a competitive funding opportunity.

Applications that do not meet the following eligibility requirements will be considered non-responsive and will not be considered for funding under FIP:

- a. Applicant is an existing health center that has had an application approved for grant support in FY 2009 under the Health Center Program:
  - Community Health Centers (CHC) - section 330(e)
  - Migrant Health Centers (MHC) - section 330(g)
  - Health Care for the Homeless (HCH) - section 330(h)
  - Public Housing Primary Care (PHPC) - section 330(i)
  - Native Hawaiian Health Care Systems (NHHCS) grantees
- b. Application request for FIP funding is equal to or greater than \$750,000 and DOES NOT exceed \$12,000,000.
- c. Application proposes to support the costs of the alteration/renovation or construction of a facility that is consistent with the Health Center Program's mission—to provide comprehensive, culturally competent, quality primary healthcare services to medically underserved communities and vulnerable populations.

**20. Is FIP funding available for rural health clinics?**

The Recovery Act specifies that funds are to be used for "grants to health centers authorized under section 330 of the PHS Act." Rural health clinics are not eligible to apply for this funding opportunity.

**21. Are health center controlled networks eligible to apply for FIP funding?**

Health center controlled networks are not eligible to apply for this funding opportunity. HRSA's Office of Health Information Technology (OHIT) will be announcing Recovery Act funding opportunities specifically targeted to health center controlled networks.

All FIP applications must be specific to one (1) Health Center Program grantee. Pooling of funds is not an allowable cost under FIP.

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## ISSUE: Eligible Use of Funds—General

### 22. What types of projects are appropriate for the FIP funding opportunity?

Health centers may propose one or more of the following types of FIP projects:

- a. Alteration/renovation: This project type includes work required to modernize, improve, and/or change the interior arrangements or other physical characteristics of an existing facility or install equipment. Alterations and renovations make existing space usable for another purpose. This type of project does not increase square footage.
- b. Construction (new site or expansion of existing site): This project type includes—(i) adding a new structure to an existing site that increases the total square footage of the facility; and (ii) permanently affixing structure (e.g., modular units, prefabricated buildings) to real property (i.e., land).

### 23. What is the difference between “alteration/renovation” and “construction?”

Applicants should take great care to ensure projects are categorized correctly and appropriately.

An alteration/renovation project is one which does not create physical square footage, but somehow modifies and improves existing physical space (regardless of whether that space is already a health center site). This may include (but is not limited to):

- Building out the shell of an existing facility
- Renovating a portion of an existing facility
- Renovating unused space that is adjacent to a current health center facility

A construction project is one which increases physical square footage—either through building on to an existing facility (regardless of whether that facility is already a health center site) or constructing a new facility from the ground up. This may include (but is not limited to):

- Adding a wing to an existing facility
- Adding a floor to an existing facility
- Constructing a brand new structure
- Demolishing a structure and building a new one in the same location
- Permanently affixing a modular or prefabricated unit to an existing facility or land

If an applicant wishes to implement an alteration/renovation project at the **same** site (with the same physical address) at which it is proposing a construction project (e.g., the applicant is proposing to construct a new wing to add on to a site as well as renovating an existing floor of that site) then the applicant should include and describe the alteration/renovation **as part of** the construction project.

### 24. What are the funding limitations for the FIP opportunity—is there anything in particular that cannot be supported?

The following uses of grant funds are examples of costs that are **not allowable** under FIP grants:

- a. Costs incurred prior to February 17, 2009.
- b. Any costs related to a Capital Improvement Program (CIP) project awarded under HRSA-09-224. FIP awards must not be used to replace any funds that have been awarded for a CIP project. As a reminder, the proposed FIP project must be separate and distinct projects from what was funded under the CIP initiative.
- c. Operating costs (e.g., funding direct services, clinical full-time equivalents, rent, mortgage payments, refinanced credit facilities).

- d. Land or facility purchase costs are not eligible uses of FIP grant funding. Eligible projects may contain land/facility purchase costs; however, individual project budgets must show sufficient resources other than FIP funding to cover those expenses.
- e. Per section 1604 of the Recovery Act: None of the funds appropriated or otherwise made available under the Recovery Act may be used by any State or local government, or any private entity, for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

Please see Appendix 1 in HRSA-10-029 for additional information on allowable versus unallowable costs. Keep in mind that allowable costs principles under section 330 apply to FIP, unless those costs are explicitly identified as ineligible as in the list above. Uses of grant funds presented in the FIP application should support activities that will improve the health center's effectiveness, efficiency, quality of care, and patient outcomes.

**25. Can FIP funds be used to acquire land? How about a building?**

Land or facility purchase costs are **not** allowable uses of FIP grant funding. Eligible projects may contain land/facility purchase costs; **however**, individual project budgets must show sufficient resources **other than** FIP funding to cover those expenses.

**26. If an applicant proposed to construct the first story of a wing to a health center with CIP funds, may it propose the second and third stories be built with FIP funds?**

Applicants could have proposed to use CIP funds to complete a "Phase 1" of a project and then may propose to use FIP funds to complete "Phase 2" of a project at the same site. However, Phase 1 must result in a usable facility that benefits the health center and its patients (i.e., the usability of the facility cannot depend on completing Phase 2 and the receipt of FIP funds). Therefore, as long as the first story is a distinct and complete project that results in a usable facility, then the applicant could propose to build the second and third stories with a FIP grant. Note: the two projects should be implemented under separate contracts and the recipient should be able to clearly track and monitor the funds separately.

**27. If an applicant wishes to propose projects at two adjacent buildings and or/properties, does it need to propose one or two projects within the FIP application?**

If the buildings/properties share the same physical address, then the applicant should propose one project and indicate that the project will occur at the site with the one shared address. If the buildings/properties have separate physical addresses, the applicant must propose two (2) separate projects, since all FIP projects must be clearly linked to one site/address.

**28. Can multiple health centers collaborate on and apply for one FIP grant? If health centers from the same area all apply, will that make them less competitive?**

While HRSA encourages collaboration among health centers in order to best meet the needs of the patients they serve, each FIP application can only be submitted by one health center applicant. One health center must be responsible for any grant that is awarded. All applications are scored against the review criteria only and not against other applications. Similar geographic location of applicants will not impact the reviewers' scores.

**29. Are mobile vans an allowable cost under FIP?**

The intent of the FIP opportunity is to address significant construction and renovation needs. Applicants may propose a mobile van, which is considered equipment, **only** in conjunction with an alteration/renovation or construction project. The applicant must clearly describe why the mobile van supports the overall project, while considering the review criteria.

**30. Can an applicant purchase modular units or trailers with FIP funds?**

A "trailer" is a portable vehicle built on a chassis designed to be hauled from one site to another by a separate means of propulsion (such as a car or truck). A trailer is considered equipment and can only be proposed in conjunction with an alteration/renovation or construction project.

A “modular unit” is a prefabricated portable unit designed to be moved to a site and assembled on a foundation. Modular units assembled on a foundation are considered fixtures, and therefore constitute real property and must be submitted as a new construction project. This may need to be added as a site. Please refer to the question on adding a new site.

**31. How should applicants with section 330 grant sub-recipient arrangements propose to utilize the FIP funding?**

The main grantee of record (prime recipient) has access to and control over the FIP application. HRSA encourages grantees to coordinate with any sub-recipients to ensure that FIP funds are best spent to address urgent community needs. Sub-recipients are held to the same standards of accountability and reporting as are the prime FIP grant recipient. Sub-recipients must coordinate with the prime grantee throughout the project period and provide the prime grantee with information, including the required data elements, to be reported to HRSA and Recovery.gov.

**32. Can an applicant use FIP funds if they have already started an alteration/renovation or construction project?**

The HRSA will need to evaluate on a case-by-case basis. If construction has progressed to a point where an environmental and historic preservation review is not feasible, the application may not be competitive and HRSA may not be able to fund the project.

**33. Do projects need to be “shovel-ready?”**

Applications should demonstrate that the applicant is ready to complete the proposed project(s) within the 2-year project period.

**34. Are equipment purchases allowable?**

The purchase of equipment is an eligible use of funds in conjunction with an alteration/renovation or construction project and provided it is pertinent to health center operations and serves an identified patient group. Applicants proposing alteration/renovation or construction projects must include any relevant equipment costs as part of that project.

A few other points of interest related to equipment purchases:

- Alteration/renovation and construction projects should clearly identify all anticipated equipment to be purchased.
- Projects that include the purchase of equipment must provide a detailed equipment list.
- Equipment must be maintained, tracked, and disposed of in accordance with 45 CFR Parts 74.34 and 92.32.

**35. Can equipment include furniture, fixtures, and data systems?**

Equipment purchases under FIP may be an eligible use of grant funds ONLY IN conjunction with an alteration/renovation and/or construction project. The equipment should be pertinent to health center operations and serve an identified user group.

Equipment and supplies purchased through FIP must also remain at the project site.

Only health centers with currently operational certified electronic health record systems (EHRs) may use FIP funds to purchase site licenses for the site proposed in the FIP project. Provider licenses are unallowable costs under FIP.

**36. Can I purchase an EHR with FIP funding?**

New electronic health record (EHR) systems are not an allowable cost; however, site licenses and associated hardware for an existing certified EHR system are an allowable cost. All allowable, associated EHR purchases must be maintained at the project site.

**37. It may be necessary for some applicants, especially public entities, to comply with additional State or local regulations, to spend some money in order to get to the point of applying for the FIP grant. Would these costs be reimbursable?**

Pre-award (e.g., planning) costs may be proposed as part of the FIP application; however, as this is a competitive opportunity with no guarantee of funding, it is at the applicant's risk to incur any and all pre-award costs. Any costs incurred prior to the date of enactment of the Recovery Act (February 17, 2009) are not allowable.

**38. Can FIP funds be used to retain health center positions?**

Any supported staff must be clearly related to the FIP project. FIP funds may be used to support the following types of health center administrative and facility positions only: management and support staff, fiscal and billing staff, IT staff, facility staff, and patient support staff. If an existing staff member within one of these categories will be retained with FIP funds to work on a FIP project, then this cost is allowable. For example, a Facility Manager may be retained using FIP funds if the position would be eliminated or its hours reduced without the FIP funds, and if that position will assist in carrying out the FIP project. However, if the staff are not integral to the FIP project, they may not be retained with FIP funds.

**39. NEW! Are pools allowed for physical therapy?**

Swimming pools of any kind are not an allowable cost, despite the intended use. However, therapy tubs would be an allowable cost.

**40. NEW! What relocation costs are allowable?**

Renting a space for temporary purposes while the main site is being worked on will be an allowable cost under FIP. Moving costs associated with an FIP project are unallowable.

Payments made to displaced persons, business concerns, and nonprofit organizations for relocation/moving expenses and replacement housing, relocation advisory assistance and the net amounts for replacement (last resort) housing, are allowable costs. However, this is limited to approved applicants whose project involves the displacement of persons and businesses where the relocation complies with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

**41. NEW! Can New Market Tax Credits be proposed as another source of funding in conjunction with the FIP grant?**

The New Market Tax Credit (NMTC) Program (created by the Community Renewal Tax Relief Act of 2000) is managed by the Department of Treasury's Community Development Financial Institutions Fund (<http://www.cdfifund.gov>). The NMTC Program provides private-sector investors (e.g., banks, insurance companies, corporations, and individuals) with Federal income tax credits in return for new investments in eligible activities.

Applicants can propose to partially finance a FIP project with NMTC funds. In this event, the applicant would be the recipient of NMTC Program funds for an eligible community development activity (i.e., the proposed FIP project).

However, FIP funds may NOT be invested into the NMTC program to finance the FIP project. This is considered an unallowable use of FIP funds.

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## ISSUE: Eligible Use of Funds—Scope for Sites and Services

**42. How do you define “site” in the FIP application?**

“Site” refers to both the physical and service site at which a project will occur. Applicants may propose to conduct any type of project at an existing service site in their approved scope of service. Applicants may also propose to conduct an alteration/renovation or construction project at a new service site and will be required to add a new site as part of the FIP application. Applicants may also propose projects at administrative-only sites.

**43. Does the applicant need to know the exact site at which a project is proposed prior to submitting the application?**

Yes. Applicants must provide a specific address and site information within the application. Part of the HRSA review will be a service area overlap analysis, and an exact address is required for this review. Additionally, having a definite address/site as part of the application will alleviate doubt among objective review committee members.

**44. Can I propose to add a new site to my scope of service as part of the FIP application?**

Applicants may propose to carry out an alteration/renovation or construction project at a new site (i.e., site that is not currently in the grantee's approved scope of project). The applicant will need to fill out required information about the proposed new site in Form 5B and complete an Add Site Checklist to add the site as part of the FIP application.

**45. I am proposing a new site as part of the FIP application and the systems is telling me my proposed dates are too far in the future and is requiring me to enter Medicaid and Medicare billing numbers I do not have yet. Help!**

Under the FIP opportunity, applicants will be able to propose a new site that may not be operational until after the 2-year project period. HRSA realizes that applicants may not have sufficient information on Medicaid and Medicare billing numbers. The FIP application's Form 5B module will allow applicants to enter "dummy" numbers for their billing numbers—if the site does not have the associated billing number(s), grantees should enter "00000." Additionally, for the "Date Site was Opened" and "Site Operational By" fields, applicants should enter a date within 60 days after the proposed completion of their FIP project.

**46. Can an applicant propose an administrative-only site?**

Applicants should propose projects that meet a clearly identified need of the health center and the community. The applicant should clearly explain the expected impact of the funds and how the impact addresses the identified needs.

Applicants may propose an alteration/renovation or construction project at an administrative-only site or convert an administrative-only site within the applicant's approved scope to an administrative/service delivery site or service delivery-only site. Applicants proposing an alteration/renovation or construction project at an administrative-only site will only need to identify the "administrative-only" site from their scope in Form 5B. However, applicants proposing to convert an administrative-only site should (1) identify the "administrative-only" site from their scope in Form 5B for the FIP project; (2) discuss in their Project Cover section that they are seeking to convert the administrative-only site to a service delivery site; and (3) submit a separate Change in Scope request to reflect this scope change.

**47. If I want to add a new site as part of my FIP application, should I complete a Change in Scope request outside of the FIP process?**

No, if you are proposing an alteration/renovation or construction project at a new site that is currently not in your approved scope of project, you should add that site **as part of** your FIP application. This will ensure that HRSA links this new site request to your FIP application and puts the site on a modified verification timeline. However, if you have already requested to add that new site in a separate Change in Scope request and it has not yet been approved, you will be allowed to choose that site once you are within your Project section in the FIP application within EHB.

**48. Can a health center propose a project that will result in the addition of a new service that is currently not in the health center's approved scope of project? For example, proposing to add a wing of dental exam rooms and equipment, but the center does not currently directly provide dental services.**

Yes, a health center may propose a project that will result in a new service. However, the applicant should consult as soon as possible with their Project Officer to discuss the likelihood of any new services being approved. The Change in Scope (CIS) request to add the new service must be done through the normal process for CIS requests, and must be submitted independently from the FIP application. Further, applicants should demonstrate how they will be able to sustain existing and additional services upon completion of the FIP project without needing additional section 330 operating funds.

**49. How does an applicant's current scope of project affect what it can propose?**

Health center grantees should always maintain a scope of project that is up to date and approved by HRSA. Applicants will be able to propose a new site as part of their FIP application if they plan to alter/renovate or construct a new facility or site that is currently not part of their scope of project. In these cases, applicants will have to complete a Form 5B with the proposed new site's information as well as an Add Site Checklist.

If a FIP project will enable the applicant to provide a new service(s), the applicant cannot use the FIP application to add the service to their approved scope of project. An applicant should consult with their Project Officer and will need to submit a separate Change in Scope request to add the service as described in Policy Information Notice (PIN) 2008-01: Defining Scope of Project and Policy for Requesting Changes available at <http://bphc.hrsa.gov/policy/pin0801/>.

**50. Can FIP funds be used to construct a facility to provide only Mental Health and Substance Abuse Services, but no medical or dental services?**

A service site may provide comprehensive primary care services or may provide a single service such as oral or mental health services, based on the identified needs in the community/population.

Services provided by the applicant are defined for the organization/entity, not by individual site. Not all services must be available at every grantee service site; rather, the patients served at any site must have reasonable access to the full complement of services offered by the center as a whole, either directly or through formal established arrangements.

Please refer to Policy Information Notice (PIN) 2008-01: Defining Scope of Project and Policy for Requesting Changes available at <http://bphc.hrsa.gov/policy/pin0801/>.

**51. May we propose projects at subcontractor sites?**

Projects must directly support the health center itself, and not subcontractors or other entities that are not part of the health center. The health center needs to demonstrate adequate long-term control, beyond a subcontractor agreement, to ensure that health center patients will be the primary beneficiaries of the improvements.

**52. May an applicant propose to construct a new building with a plan to provide space (either freely or through leasing) in the building for other agencies that serve similar target populations and provide services related to the health center's scope?**

Applicants may propose to use FIP funding to support the space that will be utilized directly by the health center. FIP funds may not be used to support space which will be utilized and/or rented by other entities. Applicants may propose to use FIP funds, therefore, to support an alteration/renovation or construction of a certain percentage of the overall facility.

Utilizing Federal funds to augment appropriations (e.g., charging rent for space constructed with Recovery Act funds) is an ineligible use of Federal funds.

**53. I recently received a New Access Point (NAP) award. Will my site information be available as part of the application? Am I able to update this site information?**

Site information from the NAP application has been entered into the health center's scope of project in EHB. Applicants will be able to choose to conduct FIP projects at the site(s) listed or may propose a new site as part of an alteration/renovation or construction project. If the site(s) listed in the grantee's NAP application is no longer applicable, the applicant will need to delete that site separately from the FIP application using a Change in Scope request. For additional information, refer to PIN 2008-01 available at <http://bphc.hrsa.gov/policy/pin0801/>.

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## ISSUE: Eligible Use of Funds—Federal Interest, Leasehold Improvements, and Site Control

### 54. Is a Notice of Federal Interest required?

Yes. Notice of Federal Interest (NFI) filings are required for

- **ALL** FIP construction projects
- **Each** FIP alteration/renovation project having a total allowable project cost of more than \$500,000, **excluding equipment costs**

Applicants that are not required to file a Notice of Federal Interest (NFI) understand that the Federal interest exists irrespective of the filing of the NFI and for alteration/renovation projects less than \$500,000, the award recipient shall maintain adequate documentation regarding protection of all Federal interest. This will include communications with a lessor related to protecting such interest, in accordance with the standard award terms and conditions. Such documentation should be available for subsequent review.

### 55. The FIP grant award will require that the facility owner file a Notice of Federal Interest (NFI) against a facility deed. What if the owner wants to secure additional mortgages, lease the facility to an entity that does not provide healthcare, or sell the facility?

A NFI is essentially a lien that protects HRSA's financial and public interests in the real property being used to deliver health care services. After a NFI is filed against the property, activities such as new mortgages, selling the facility, or leasing the facility to an entity that does not provide healthcare, requires prior approval from the HRSA. The NFI will not affect existing mortgages or modifications being made to the facility.

Prior approval must come in the form of a written request from the applicant to HRSA, either by letter or by email, with the following information:

1. What is the action that the owner is requesting from the HRSA (permission to secure a new loan, transfer to another site, etc.)?
2. What is the action that the owner wants to undertake (new loan, refinancing, expansion, sale, etc.)?
3. If applicable, details of the project financing (the combination of loans and internal funding), or proposed sale (whether there is an identified buyer, the proposed sale price).
4. Copy(s) of all HRSA Notice(s) of Federal Interest, associated Notice(s) of Grant Award, and/or funding information associated with the NFI. A copy of the deed, with a legal description of the property, to which the Federal Interest is attached.
5. Appraised value of the property at the time of project completion.
6. Terms of the proposed loan, i.e., interest rate, period of loan, amortization schedule.
7. Latest audited Financial Statements.

Reviewing Federal Interest requests takes time, and HRSA requests patience and cooperation in the process. Providing detailed requests and supporting documentation up front will aid in expediting reviews.

### 56. Will the value of the Federal interest change over time, especially as the useful life of the renovation/alteration expires?

Each FIP alteration/renovation project having a total (Federal and non-Federal) allowable project cost of more than \$500,000, excluding equipment costs, is required to file a Notice of Federal Interest (NFI). The Federal interest would depreciate with the fair market value of the alteration/renovation made to the asset.

HRSA acknowledges that the market value of ARRA supported renovations/alterations will change over time. HRSA will work with grantees to recognize the changing market value of improvements and other activities made by the grantee or property owner of the facility.

**57. Will HRSA take a subordinate position to existing mortgage holders and lenders on potential debt financing for FIP projects?**

HRSA's Notice of Federal Interest (NFI) is subordinate to all pre-existing mortgages or obligations recorded against the property. The NFI is also subordinate to loans and obligations identified in the FIP application as sources of financing for the project. Future modifications and new mortgages and obligations will require prior approval.

**58. Are leasehold improvements allowable?**

Leasehold improvements are allowed under the FIP. For the purposes of leased properties under the FIP funding opportunity, please note:

- Funds for a leased property cannot address needs that are part of the terms of the lease (are the obligation of the lessor).
- If funds address improvements that would impact terms of the lease (e.g., a photovoltaic (PV) roof system or double paned windows) applicants must have evidence of negotiated offset in the rent.
- Funds requested cannot exceed 25 percent of the fair market value of the property or 50 percent of the remaining lease.

If the proposed project site is leased and the project is:

1. A construction project, or
2. An alteration and renovation project with a net project cost (total project cost less equipment costs) of **greater than \$500,000**; then,

The applicant must either:

- a. Provide a signed Statement of Agreement from the facility owner; or,
- b. Certify in the application that a Statement of Agreement from the facility owner will be submitted to HRSA prior to expending FIP project grant funds.

The Statement of Agreement from the facility owner referenced above must address the following components:

1. Approval of the scope of the FIP project.
2. Agreement to provide the applicant health center reasonable control of the project site for at least 10 years.
3. Agreement to file a NFI in the land records of the local jurisdiction before the project begins.

For alteration/renovation projects less than \$500,000, the award recipient shall maintain adequate documentation regarding protection of all Federal interest. This will include communications with a lessor related to protecting such interest, in accordance with the standard award terms and conditions. Such documentation should be available for subsequent review.

If the project site is leased and the project is an alteration/renovation project with a net project cost (total project cost less equipment costs) of \$500,000 or less, the health center applicant must certify that the existing lease gives the health center reasonable control<sup>2</sup> of the project site, is consistent with the scope of the FIP project, and is in compliance with all terms and conditions affecting the Federal interest.

**59. When and why does it matter if I own or lease the site(s) at which I'm proposing projects?**

An applicant must demonstrate significant site control to ensure that the proposed projects can be completed and that the benefit to the health center will be realized. Additionally, for all alteration/renovation and construction projects with a net cost of more than \$500,000, and for all construction projects regardless of total cost, applicants are required to file a Notice of Federal Interest (NFI) in the property. Applicants that own the project site/facility will directly file a NFI when the project begins. Applicants that lease the project site/facility will need to provide a statement of agreement from the facility owner that proves the owner (1) agrees to the project, (2) agrees to provide the applicant

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<sup>2</sup> "Reasonable control" for the purpose of the FIP is considered the ability to implement the project and realize the benefits of the project without unnecessary demands to the health center.

health center reasonable control of the project site for at least 10 years, and (3) agrees to file a NFI in the land records of the local jurisdiction when the project begins.

- 60. The applicant has a lease with a purchase option with the City to be executed in 2016 for one of its major health center sites. Because the City has given the health center full site control with assurance of owning the property beginning in 2016 the health center has planned far more extensive renovations than it would for a leased property. (Total project costs are currently estimated in the range of \$11 million.) This raises several questions: Would this be considered a leased or owned property and if it is a leased property, how would you calculate “FMV or 50% of the remaining lease?”**

This situation would be considered a project on a leased facility. Given the parameters outlined in the FIP guidance, if the property has an estimated fair market value (FMV) of \$1.0M, then the FIP grant request for that project can not exceed \$250,000. Additionally, if the value of the lease was \$1.0M with 5 years remaining of a 10-year lease and the remaining value of the lease is \$500,000, then the FIP application can not exceed \$250,000.

- 61. Does a lease or deed need to be in-hand at the time of application?**

No. However, should an applicant be awarded FIP funding, all documents that demonstrate that the applicant has site control must be on hand prior to the applicant starting the project(s).

- 62. UPDATED! Funds requested cannot exceed 25 percent of the fair market value of the property or 50 percent of the remaining lease. How do we know which value to use and do we need to provide any documentation?**

You may choose to use 25 percent of the fair market value (FMV) or 50 percent of the remaining lease to determine the maximum amount that may be requested in FIP funds. Applicants are encouraged to choose the value that will more effectively enable to them to complete their projects.

In the FIP application, applicants will be required to upload one of following documentation items: current tax assessments, appraisals (will need to be dated no earlier than August 1, 2008), purchase agreement, deeds, and/or the lease.

- 63. NEW! We will be renovating our clinic after the application due date of August 6, 2009, but before November 1, 2009; thus increasing the fair market value of the property. May we use the anticipated fair market value at the completion of our renovations in determining the amount we are eligible to request for FIP?**

The fair market value of the property at the time of application must be used for the purposes of determining the maximum eligible FIP funding amount.

- 64. NEW! Can I propose to construct a new building on leased land?**

Yes, applicants may propose construction on leased land. Please note, this is still considered a leasehold improvement and the parameters described on page 9 of the guidance apply to this type of project. These parameters include the need for a Statement of Agreement from the property owner, including agreement from the owner to file a NFI, as well as the requirement that funds requested cannot exceed 25 percent of the fair market value of the property or 50 percent of the remaining lease.

For construction on leased land, the 25 percent of fair market value or 50 percent of remaining lease limitation does not apply to any land lease that is longer than 30 years from the FIP application submission date.

If the applicant is awarded a FIP grant, the owner of the proposed building (whether the grantee or the land owner) will also need to file a NFI.

- 65. NEW! Is there a type of lease in which the limitation on funds requested (i.e., funds requested cannot exceed 25 percent of the fair market value of the property or 50 percent of the remaining lease) does not apply?**

For leasehold improvements under the FIP, HRSA will consider any lease that is 30 years or longer to exhibit significant and sufficient site control so that the 25 percent of fair market value or 50 percent of remaining lease limitation does not apply. Therefore, if an applicant possesses a lease for 30 years or more, from the application submission date, it will not be limited in the amount requested (other than the limit of \$12 million). Please note, a Statement of Agreement from the property owner and a Notice of Federal Interest filing are still required.

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## ISSUE: FIP Grant Application

### 66. What documents must be submitted for the FIP application?

All applicants will be required to submit the following documents—regardless of FIP project type:

- At the Proposal Level
  - Application for Federal Assistance/Face Sheet SF-5161
  - SF-424D Assurances—Construction Programs
  - Proposal Cover Page
  - Proposal Abstract
- At the Project Level (each of the following will need to be completed for each project)
  - Project Impact
  - Equipment List
  - Budget
  - Funding Sources
  - Form 5B: Sites
  - Add Site Checklist (as applicable, to add a new site)
  - Other Requirements for Sites
  - Environmental Information and Documentation Checklist<sup>3</sup>
  - Budget Justification
  - Schematic Drawings
  - Statement of Agreement from Facility Owner (as applicable)

### 67. Are there page limits for the applications?

Each of the narrative questions for the electronic submission will have its own separate text field. Each text field will be limited to 2,000 characters (including spaces) for the Proposal Cover Page, which is less than one page in length, and to 4,000 characters (including spaces) for the Project Cover(s), which is less than two pages in length.

The page limit for attachments is 80 pages or 10 MB, for the entire application, regardless of whether one, two, or three projects are proposed. This limit does not include standard forms, including the SF-424D Assurances form and the Environmental Information and Documentation (EID) checklist form.

Please keep in mind that all information presented in the submission is publishable and may be used to provide information to the public and Congress.

### 68. How should we organize our application?

To facilitate application submission in EHB, applicants should identify the number and types of projects before they start entering project details in the EHB application.

### 69. **UPDATED!** What is a service impact?

FIP funds may not be used to directly support operational costs, which include service provision. A

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<sup>3</sup> Draft EAs may be sent to the Bureau of Primary Health Care after the FIP application has been submitted. For additional information regarding EAs, please refer to the FAQ document on Environmental Assessments available at <http://bphc.hrsa.gov/recovery/cip/>.

service impact is not supported by FIP funds but occurs as a result of the completion of the FIP project. For example, FIP funds may not be used to directly support patient care, but a FIP-funded renovation that results in a new exam room may indirectly result in additional patients once the project is completed. The types of service impacts you can report are:

- Project number of additional health center service provider FTEs (medical, dental, behavioral health, pharmacy, other professional, and enabling)
- Projected total number of additional patients served
- Projected total number of additional visits

Please note—the additional health center service provider FTEs should only include the providers identified above: medical, dental, behavioral health, pharmacy, other professional, and enabling providers. However, non-provider staff impacts as a result of the FIP funding can be addressed in the Item #1, Purpose on the Proposal Cover Page.

**70. How should I forecast service impacts?**

Applicants should forecast additional providers, patients, and visits that may be counted within a year of completion of all FIP projects. For example, if you renovate the dental wing and it is fully operational by March 2010, you should forecast the additional providers, patients, and visits that may occur between March 2010 and March 2011. If you also renovate a site to create a new medical exam room and that exam room is not available/functional until June 2010, then you should forecast the additional providers, patients, and visits that may occur between June 2010 and June 2011.

**71. What if I do not project to have a direct or service impact as a result of the project, as measured in the application?**

Applicants are asked to show a measurable projected direct impact (shown by square feet improved or increased, number of health center administrative and facility FTEs created and retained, number of construction-related FTEs created)) and a measurable service impact—shown by additional health center provider FTEs, additional patients served, and additional visits upon completion of the FIP project(s) (additional providers, patients, and visits are those that would not exist if not for FIP funded projects).

**72. What is "sustainability?"**

Sustainability is the outcome of an integrated process of development and operation of a facility that incorporates a balance of life-cycle cost, environmental impact, as well as occupant health and safety, security, and productivity. Health centers will need to describe the overarching impact of the FIP proposal in its entirety on the center's ongoing operational budget. Applicants will need to show that the improved access/services resulting from FIP funding will be accommodated within its existing section 330 operational budget/grant support.

**73. On page 13 under Sustainability Plan, the guidance refers to capital reinvestment costs for the proposed project. Please explain capital reinvestment costs.**

The term capital reinvestment costs, in regards to operating costs, can mean the loss of profit due to the loss of productivity (i.e., not being able to have as many patient encounters due to the construction or renovation taking place, and/or new operating costs incurred as a result of the renovation or construction).

**74. What do "green" technologies and design approaches involve in reference to the FIP funding opportunity?**

Green technologies and design relate to utilizing technologies and approaches in the planning, construction, and equipping health care facilities in ways that attempts to minimize the depletion and damage of natural resources as well as reduce waste and pollution by changing patterns of production and consumption. This can be achieved by using design practices, technologies, and products that benefit the environment and protect the planet; such as:

- Using energy efficient or alternative energy sources to power facilities.
- Purchase of products and materials that utilize renewable resources, or reduce or eliminate the use and generation of hazardous substances in the production process.

- Purchase of energy efficient products—Electronic Product Environmental Assessment Tool (EPEAT) for Silver Rated products (<http://www.epeat.net>), and Energy Star (<http://www.energystar.gov>)

**75. Is green/sustainable design required?**

Applicants are encouraged to incorporate sustainable design considerations when planning any building alteration/renovation or construction. Sustainable design considerations shall be included to the maximum extent feasible in alteration/renovation or construction grants with total (Federal and non-Federal) project costs of \$1 million or more. Examples of such design considerations include use of low-impact materials, ensuring energy efficiency, and maximizing reuse/recycling capabilities. For additional information, please see the U.S. Green Building Council's LEED Green Building Rating System (<http://www.usgbc.org>) and the Green Guide for Health Care (<http://www.gghc.org>).

**76. Are applicants required to adhere to the “Guidelines for Design and Construction of Health Care Facilities” mentioned in the Green/Sustainable Design Principles section (page 10)?**

These guidelines are recommended and not required. All applicants are expected to adhere to good design and construction practices.

**77. How will the Financial Management and Control section of the Proposal Cover be assessed during the application review?**

One review criteria element is associated with assessing the financial management and control of the applicant organization: The health center has appropriate financial management and control policies and procedures in place (c4, Resource/Capacity). With this section, health centers should identify and describe the policies and procedures that have been established and are currently being used by the applicant organization. Further, this section should also describe the oversight provided by the governing board (e.g., including describing the role of the finance committee).

Applicants will also be required to provide the following financial indicators from the past 3 years: net assets, debt/equity ratio, and working capital. These indicators are related to the Health Center Program's performance measures (available at <http://bphc.hrsa.gov/about/performanceasures.htm>) and are defined for the FIP funding opportunity as follows:

- Net assets = Total Assets — Total Liabilities
- Debt/Equity Ratio = Long Term Debt / Net Assets
- Working Capital = Current Assets — Current Liabilities

**78. UPDATED! What do we put in for current square footage and cost per square foot?**

On the Project Cover page, current square footage should be the approximate square footage of the site where the FIP project is proposed. For new construction, this can be 0.

The EHB system will automatically calculate the cost per square foot, and will take into account the values entered in the Project Impact form's Square Feet Increased and Square Feet Improved lines, depending on the project type. The formula used to calculate “cost per square foot” is as follows:

- For A/R projects, cost per sq ft = total project costs (cell 16a from the 'Budget' form) / total sq ft improved (from the 'Project Impact' form);
- For construction projects, cost per sq ft = total project costs (cell 16a from the 'Budget' form) / total sq ft increased + total sq ft improved (from the 'Project Impact' form).

**79. Can I terminate a health center site as a part of my FIP proposal?**

An applicant cannot delete a site from its current scope of project as part of the FIP application. If an applicant does wish to delete a site because it is proposing a new site as part of the FIP application, it must do so by submitting a Change in Scope request outside of the FIP application process.

**80. What information is needed in the Project Management section?**

Applicants should use this section to describe the administrative structure and oversight for the project, the qualifications of the individual who will be responsible for managing the project, as well as the ongoing institutional commitment to the proposed improvement or enhancements. FIP funds can be used to hire

Project Manager(s); applicants should explain plans to hire and implement the Project Manager position in this section of the application.

**81. Who can be listed as the Project Manager?**

Applicants should identify the individual who will be responsible for managing the FIP project. Each FIP project proposed by applicants may have different individuals identified as the Project Manager. FIP funds can be used to directly hire or contract with an individual; until the Project Manager has been hired, please identify the interim Project Manager.

**82. Can the Project Manager be a contractor?**

Yes.

**83. In the case where existing facilities/sites are to be altered/renovated, does the current status of the space need to be described?**

Yes. A description of the current conditions of the space to be improved should be provided in the Need section, as well as the age of the existing space, deficiencies in the current space, and the current number of patients served. Applicants should also include descriptions of how the requested improvements will correct these deficiencies/problems. For modifications to the existing facility, describe how the proposed project(s) will accommodate the proposed functions and the requested equipment. Also provide an explanation of how the proposed improvements will expand, improve, or maintain existing health center activities and how future needs would be accommodated by the FIP request, including additional patients served.

**84. If new construction is proposed, what information needs to be provided?**

In the Need section, include a description of how the new facility will expand, improve, or maintain existing health center activities and a description of how future needs would be accommodated by the new facility. Applicants should identify the location of the new site as well as provide a brief summary of any activities that have been undertaken to date (planning, pre-construction, feasibility analysis, etc.).

**85. Define what is meant by “maintain documentation of the organization’s acquisition strategy.”**

Applicants should be able to explain the organization’s acquisition/procurement strategy of services (architect, construction) or equipment/supplies related to the FIP project. Applicants will need to keep and document decisions, quotes, invoices, etc.

**86. **UPDATED!** Provide further detail on risk management strategy, Earned Value Management, and alternatives analysis.**

Earned Value Management (EVM), Risk Analysis Plan, and Alternatives Analysis are project monitoring and quality control tools.

As part of a risk management strategy, any project funded by the FIP throughout the 2-year project period will need to:

- Identify and list potential challenges, obstacles, and barriers
- Indicate/Measure of impact
- Quantify probability of occurrence
- Develop mitigation strategies

The EVM, as defined by the Project Management Institute, is a “technique used to integrate the project’s scope, schedule, and resources and to measure and report project performance from initiation to closeout.” For the FIP application, applicants do not need to calculate EVM; however, applicants should briefly discuss how they plan to implement EVM analysis for FIP quarterly reporting and at FIP project closeout.

The alternatives analysis describes steps you have taken to determine that the project proposed within the FIP application is the best resolution for your health center’s and community’s needs and challenges.

OMB Circular No. A-11, Part 7 offers guidance on executing these monitoring and quality control tools; this guidance is available at [http://www.whitehouse.gov/omb/circulars/a11/current\\_year/s300.pdf](http://www.whitehouse.gov/omb/circulars/a11/current_year/s300.pdf).

**87. Is a Project Timeline required?**

Yes. Applicants will need to provide a projected end date for each project and will also have to provide start and end dates for the following phases of the FIP project: planning, project development, implementation, and project completion. All FIP funds should be obligated within 2 years and projects should be completed within a reasonable time of obligations being incurred.

**88. Are improved square feet and increased square feet different categories?**

Total square feet increased and total square feet improved are mutually exclusive categories (i.e., square foot counted as increased cannot also be counted as improved, and vice versa).

**89. What should I enter for health center administrative and facility FTEs?**

**ONLY** include full-time equivalents (FTEs) **that are directly supported by FIP funds to carry out the FIP project(s)**. "FTEs Created" should include positions that are created and filled or previously existing unfilled positions. "FTEs Retained" should only include positions preserved from layoffs or terminations and those restored to full-time. Further, please only include the FTEs as appropriate for each project.

**90. How should we calculate projected FTEs?**

These projections should demonstrate the impact of FIP funds on the number of new/retained FTEs over the 2-year project/budget period for the proposed project(s). Keep in mind—the expectation for FIP funding is to demonstrate an increase in the number of jobs and to address pressing capital improvement needs in health centers.

Applicants will need to project the number of (1) created and retained health center administrative and facility and (2) created construction-related FTEs. Further, all direct hire and/or contractual FTEs that are supported by FIP funds should be included here. Please refer to Appendix 3 of the FIP guidance for information on how to calculate FTE projections.

**91. What information is needed for the equipment list?**

For the purpose of the FIP project equipment list, equipment includes both items costing more than \$5,000 **and** non-expendable supplies with a per unit cost under \$5,000 (e.g., copier, exam table). Applicants will be prompted to provide a list and justification as part of each FIP project. Equipment should be relevant and appropriate to the needs of the health center. Applicants will need to provide information in the equipment list such as an item description, unit price, quantity, total price, and the type of equipment. Applicants will need to identify equipment type as one of the following: clinical or non-clinical.

**92. What is clinical versus non-clinical equipment?**

Clinical equipment is used in the direct delivery of health care services, whether diagnostic, therapeutic, or surgical (x-ray machines, computerized axial tomography scanner, etc.). Non-clinical equipment would encompass all other equipment that is used to meet the day-to-day-operations of the site.

**93. Does the requested budget have to be specifically for 24 months?**

FIP funding is awarded for a 2-year project/budget period. The submitted budget should account for how the FIP funds will be utilized during the 2-year period.

**94. The budget (and therefore the narrative) for FIP grants (HRSA-10-029) appears to be specific to this announcement and should not include the base operation. Is this correct?**

Yes, the budget and narrative submissions for FIP grants should demonstrate the health center's best projections of how FIP funds will be used over the 2-year project/budget period. **Do not** list any funds that are **not** directly supporting this FIP project (e.g., program income or section 330 operational grants).

**95. Do applicants submit one budget for all FIP funds?**

No. Applicants will need to submit an individual budget (complete one SF-424C) for each FIP project included in their application. In the EHB, applicants will have an opportunity to see a consolidated budget (a roll-up of all individual FIP projects) prior to submission.

**96. What is the Federal share percentage that is calculated on the SF-424C (construction programs) budget?**

This is a standard calculation that is required for the SF-424C Budget. The system will automatically calculate the Federal share percentage based on the amounts the applicant enters on Lines 16c (Total Project Allowable Cost) and 17c (Total Project Allowable Cost-Federal Funding) of the budget. While HRSA is not requiring applicants to meet a cost-sharing or cost-matching requirement for the CIP funding opportunity, HRSA does need to know to what extent other sources of funding will support the FIP project. This share percentage may be 100 percent for allowable costs.

**97. How should dollar amounts be entered on the SF-424C Budget?**

Amounts should be rounded to the nearest whole dollar.

**98. Is the allowable contingency 10 percent of construction cost plus 10 percent of equipment cost, or is it 10 percent total?**

For FIP, contingencies (Line 13 of the SF-424C budget form) will be limited to 10 percent of the sum Lines 9 and 10. Line 13 may be less than 10 percent.

**99. Is there a dollar limit under the Miscellaneous category of expenses?**

On SF-424C, Line 11c is limited to no more than 10 percent of Line 16c (total cost). If Line 11c is greater than 10 percent of Line 16c, the applicant must explain and identify the Miscellaneous items in the budget justification.

**100. Please give us instructions on what you want for the budget justification.**

The budget justification should provide sufficient narrative detail of the budget to support proposed FIP activities. The justification must clearly identify and describe **each** cost element, explain how it contributes to the goals and objectives of the FIP project(s). Further, if there are additional sources of funding, please identify those costs that will be covered by the Federal FIP grant. A budget justification is required for each project. Please refer to sample FIP budget justification available at <http://bphc.hrsa.gov/recovery/fip/>.

**101. Define “secured,” “expected,” and “forthcoming” from the Funding Sources form.**

These terms are defined as follows:

- Secured: funds already in-hand
- Expected: funds pledged, no written documentation
- Forthcoming: funds committed via written documentation

**102. Will projects with additional sources of funds (equity and/or debt) be more competitive than projects that request FIP funding for all allowable costs? Should the applicant request FIP funds at a certain percentage of the total project cost?**

Applicants should request funds that are adequate, necessary, and reasonable to make the application competitive. Applications will be reviewed independently by the Objective Review Committee based on the review criteria outlined in the guidance. We encourage applicants to carefully review the criteria to ensure that they submit strong applications that meet or exceed the established criteria.

There are two (2) review criteria that are specific to sources of funds (pages 23-25):

- c5: The health center will be able to provide the resources to complete the project(s) on time and within budget.
- d5: The proportion of requested Federal grant funds are appropriate given other sources of funds committed/available for the FIP project(s).

**103. NEW! For total project costs, should I list all other sources of funding or should I list only the sources that are supporting allowable costs?**

On the Funding Sources form, applicants should list any other sources of funding for all costs (both allowable and unallowable) on Lines 3a-3e (Columns a, b, and c, as appropriate). Please note that a change has been made to the 'Funding Sources' form. Line 1 of the 'Funding Sources' form will be taken directly from Line 16a of the 'Budget' form to provide the total costs (allowable and unallowable costs) of the project. This patch is currently under development. This system capability will also be available on Friday, July 31, 2009.

If a FIP application has already been submitted, applicants may complete their application in the EHB in order to meet these requirements. To re-open a FIP application that has already been submitted, applicants can contact [bhcmisys@hrsa.gov](mailto:bhcmisys@hrsa.gov) or 301-443-7356. Once the application has been opened, applicants may make any necessary corrections.

**104. Are there specific criteria for the schematic/line drawings?**

Yes. Line drawings are extremely important for FIP projects. The line drawings must fit on an 8.5" x 11" sheet of paper and will be uploaded as part of the FIP submission. These drawings should not be blueprints and do not need to be completed by an architect. The drawings must be legible with the scale clearly indicated. If applicable, submit both existing and proposed drawings. The drawings should indicate the location of the proposed renovation area in the existing building and the total net and gross square footage of space to be renovated. The drawings should indicate size dimensions, function, as well as the net and gross square feet for each room. Changes or additions to existing mechanical and electrical systems should be clearly described in notes made directly on the drawings.

**105. Do the schematic drawings count toward the page limits?**

Yes. The schematic drawings count toward the page limits.

**106. Is there a specific level of architectural drawings needed to be competitive (i.e., schematics, design development or construction documents)?**

The schematic drawings to be uploaded with the FIP application do not need to be blueprint renderings. Simple line drawings that are done neatly and are clearly legible and identify square feet are acceptable.

**107. Are blueprints for the design required at the time of application?**

No. Do not submit blueprints with your FIP submission. See the question above pertaining to schematic/line drawings.

**108. What if our alteration/renovation project at a leased facility is less than \$500,000?**

If the project is an alteration /renovation with a net project cost (total project cost less equipment costs) of \$500,000 or less, then applicants must certify that the existing lease gives the health center reasonable control of the project site and is consistent with the scope of the CIP project.

**109. How should attachments be formatted?**

All attachments can be provided to HRSA in a computer-readable format (i.e., do not upload text as images); to the extent possible, HRSA recommends PDF files but will accept Microsoft Word or Excel files as well. Please do not use spaces or special characters when naming files.

**110. Should applicants upload additional attachments?**

The page limit for attachments is 80 pages or 10 MB, for the entire application, regardless of whether one, two, or three projects are proposed. This limit does not include standard forms, including the SF-424D Assurances form and the Environmental Information and Documentation (EID) checklist form. If an applicant has not reached this limit with the other required attachments, it is free to submit attachments that it feels will respond to the review criteria and increase the competitiveness of the application.

**111. Is there a specific order required for the assembly of the application?**

Yes. All applications should follow the order described in HRSA-10-029.

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## ISSUE: Application Review

### 112. Who will review FIP applications?

FIP applications will be subject to an internal and external HRSA review. The internal review assesses completeness, eligibility, service area overlap, architectural/engineering reasonableness, environmental impact, and historic preservation. These applications will also be reviewed by an Objective Review Committee. HRSA has established the method to assess the technical merit of applications to provide for an objective review of applications. The review criteria outlined in the FIP guidance (HRSA-10-029) will be used to review and rank applications. The review criteria are designed to enable the review panel to assess the quality of an application and determine the likelihood of its success. The criteria are closely related to each other and are considered as a whole in judging the overall quality of an application.

### 113. What are the relevant qualifications of the reviewers? Will the reviewers have significant experience in construction projects and broad knowledge in the construction nomenclature? Moreover, what specific skills will a reviewer have for comparing construction project costs from one region of the country to the other?

HRSA maintains a large database of reviewers that are selected based on the type of grant that is being reviewed. Each reviewer will be screened to avoid conflicts of interest. Review committee members are responsible for providing an objective, unbiased evaluation based on the criteria that have been established for this funding opportunity.

In addition to the external review that will be conducted by the Objective Review Committee, FIP applications will be subject to an internal HRSA review. The internal review assesses completeness, eligibility, service area overlap, architectural/engineering reasonableness, environmental impact, and historic preservation. Specifically for the architectural/engineering, environmental impact, and historic preservation, HRSA has the appropriate resources in place to perform these reviews; HRSA has made every attempt to ensure that individuals have the requisite skills, knowledge, and expertise needed to review these applications.

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## ISSUE: Environmental Information and Review

### 114. Who needs to complete the Environmental Information and Documentation Checklist?

A completed Environmental Information and Documentation (EID) Checklist (Appendix 4) must be submitted with EACH FIP PROJECT to indicate whether any potential extraordinary circumstances exist. All FIP construction projects will require preparation of a draft Environmental Assessment (EA); HRSA will work with applicants on this requirement. HRSA will notify recipients whether an EA is required for any other projects. If an extremely serious environmental issue is documented, an additional Environmental Impact Statement will be required. If the project has received an Environmental Assessment at the Federal, State, or local level, a copy of the assessment must be sent to HRSA. Please contact the HRSA Office of Policy and Program Development (OPPD) at [bphcrecovery@hrsa.gov](mailto:bphcrecovery@hrsa.gov) to determine how to submit this information.

### 115. The EID Checklists states requests that a Flood Insurance Rate Map be attached (Section A-Natural Resources, Question 7). Is this required for all projects, even when the project is not located in a floodplain?

The map is required for all FIP projects, regardless of whether the project will occur in a floodplain.

### 116. Should an applicant wait to begin the draft Environmental Assessment (EA) process until it knows whether it has received a FIP grant?

Applicants that propose construction projects and receive a FIP grant must submit a draft Environmental Assessment (EA) to HRSA. Based upon review of the project, funded applicants that propose alteration/renovation projects may need to submit the draft EA. Applicants may wait until they have received a Notice of Grant Award for the FIP before starting the EA process, given that this is a competitive opportunity. Any funds expended on EA or other planning costs are incurred at the risk of the

applicant. However, HRSA encourages all applicants to be as prepared as possible. On average, the draft EA process and the decision by the Federal agency of a Finding of No Significant Impact (FONSI) takes about three months. Please note, if substantial environmental issues exist, the process could take longer and could impact the project timeline.

**117. Can FIP funds be used to pay for an environmental analysis?**

Yes. Costs related to filling out the EID, or preparing a draft Environmental Assessments and associated costs are allowable. Please see Appendix 1 in HRSA-10-029 for other allowable and unallowable costs.

**118. What are the Federal environmental laws?**

While there are many, the Federal environmental laws that most often relate to HRSA funded projects include: the Clean Water Act, the Clean Air Act, the Coastal Barriers Resources Act, the Coastal Zone Management Act, the Resources Recovery and Conservation Act, the Endangered Species Act, the National Historic Preservation Act, and the National Environmental Policy Act (NEPA). In addition to these laws, the President issues Executive Orders to address specific concerns. Four Executive Orders most frequently encountered in construction projects include wetland protection, floodplain management, environmental justice, and seismic retrofit. While all projects must conform to each of these laws and Executive Orders, it is, in actuality, the location and nature of the project that determines whether or not a law specifically applies.

**119. What is NEPA and how does it relate to the other laws?**

The National Environmental Policy Act (NEPA) requires that HRSA includes an environmental prospective in project planning by evaluating the potential environmental impacts of the proposed project and ensuring an appropriate level of public involvement takes place. The NEPA review process is the means HRSA uses for identifying and considering the requirements of the other environmental laws that apply to the project. A fundamental requirement of NEPA is that the review must be completed prior to starting the project. Funding may be jeopardized if this does not happen.

**120. Can my project be exempt from NEPA?**

Many actions, such as routine personnel costs or equipment purchases, may be exempt from the NEPA review and documentation process. Even so, you must be aware that the other environmental laws may still apply and must be addressed. New construction, expansion, alterations, or renovations are likely to require a more complete NEPA review.

**121. How will I know if the other laws apply to my project?**

A "Yes" response to any questions in the Environmental Information and Documentation Checklist is an indication that requirements of one or more of these laws might be triggered. If your project is near or affects a stream, a wetland or other body of water, requires the destruction of an area of natural vegetation, or is in or near a special resource area, like a wildlife refuge, it is likely that you will need input from someone familiar with these laws.

**122. If my project gets its environmental clearance from HRSA and is subsequently funded, do I still need to get a local, State, or Federal permit to complete my project?**

Generally, yes, unless the local, State, or Federal regulations have permit exemptions to the work proposed. Remember that HRSA's environmental clearance applies to the construction of the project because of the Federal funding action. HRSA will require as a condition of funding that all applicable permits are obtained. Prior to initiating construction, it is recommended that the regulatory agencies be contacted about any exemptions and expedited permit processes that may be applicable. Work completion in violation of the law runs the risk of losing its Federal grant funding from HRSA.

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## ISSUE: Cultural Resource Assessment and Historic Preservation

**123. Who is subject to section 106 requirements?**

Applications for alteration/renovation and construction projects must be reviewed under the terms of section 106 of the National Historic Preservation Act (NHPA). For additional information, see <http://www.ncshpo.org/find/index.htm>.

**124. Should applicants initiate contact with their State or Tribal Historic Preservation Office (SHPO/THPO)?**

Applicants should wait until they receive authorization from HRSA to consult with their SHPO/THPO concerning the cultural or historic impact of the proposed FIP project.

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## ISSUE: Administrative Requirements

**125. Are there any public policy requirements for FIP awards?**

Yes. All FIP applications will be reviewed by HRSA for compliance with some or all of the following:

- State and local laws pertaining to environmental protection, historic preservation, construction, and contracting requirements
- Applicable administrative and construction requirements listed at <http://www.hrsa.gov/hcofconstruction/fedconstructionreq.htm>

**126. How does the “Buy American” provision of the Recovery Act affect FIP applications? Do all equipment and materials purchased with ARRA funds need to be produced in the United States?**

Grant awards for alteration/renovation and construction made to private nonprofit health centers under section 330 of the PHS Act do **not** fall within the scope of the implementing definition of “public building and public work,” as set forth in the April 23, 2009 Federal Register Notice (FRN) guidance issued by the Office of Management and Budget (OMB). This FRN encompasses “a public building of, and a public work of, a governmental entity...,” and provides a listing of illustrative examples. See 2 C.F.R. § 176.140.

A “public building or public work” includes a public building or public work of the United States; the District of Columbia; commonwealths, territories, and minor outlying islands of the United States; State and local governments; and multi-State, regional, or interstate entities which have governmental functions. See 2 C.F.R. § 176.140(a)(2). Accordingly, to the extent that section 330 grants are made to the foregoing governmental entities for the alteration/renovation and construction of public buildings or public works of these entities, these grants would be subject to the Buy American provision.

**127. What are the wage requirements?**

The Recovery Act requires prevailing wages to be paid to all laborers and mechanics employed by contractors and subcontractors on FIP projects. This means that all laborers and mechanics shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality. For additional information on the prevailing wage requirement (also known as the Davis-Bacon Act) for your State, please see <http://www.gpo.gov/davisbacon/index.html>.

**128. Is there an insurance requirement for the property?**

Yes. Immediately upon completion of a FIP project the recipient must, at a minimum, provide the same type of insurance coverage as it maintains for other property they owns. This is consistent with the minimum coverage specified in the HHS Grants Policy Statement.

**129. Why must information be collected on the number of American jobs created or retained as a result of the improvement project, and what are the reporting requirements?**

The funds to support FIP awards have been made available under the Recovery Act, which became law in February 2009. The Recovery Act requires that the number of jobs created or retained as a result of the improvement project be reported to Congress. Additional information is available at <http://bphc.hrsa.gov/recovery>.

**130. What procurement rules and requirements are recipients expected to comply with?**

As recipients of Federal grant funds, health centers are already expected to comply with procurement regulations that apply to Federal grantees. These same requirements and regulations apply to any contracts entered into using FIP funds. Alteration/renovation and construction projects usually are carried out through one or more contracts under the grant. Therefore, the circumstances of the procurement are critical to the successful completion of the grant-supported project. All FIP projects proposed to be completed under contractual arrangements **must be procured** by the methods described in 45 CFR 74.40 through 74.48 or in 92.36, as applicable. It is the applicant's responsibility to make every effort to award any contract(s) under a process where maximum competition is achieved in order to obtain the most reasonable price. For additional information, see <http://bphc.hrsa.gov/recovery>.

**131. Can you please clarify when it is allowable to hire/contract without competitive bidding?**

The Federal Acquisition Threshold for procurement of goods and services is \$100,000; contracts of \$100,000 or more need to go through competitive bidding 45 CFR §92.36 (b) through (i).

**132. Are there Federal references we can use to be sure we are in compliance with the competitive bids and prevailing wages clause?**

- Procurement:
  - HHS CFR 45; Part 92 Procurement Requirements for State, Local and Tribal Governments [http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title45/45cfr92\\_main\\_02.tpl](http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title45/45cfr92_main_02.tpl)
  - HHS CFR 45; Part 74 Procurement Requirements for Institutions of Higher Education, Hospitals, Other Nonprofit Organizations, and Commercial Organizations [http://www.access.gpo.gov/nara/cfr/waisidx\\_07/45cfr74\\_07.html](http://www.access.gpo.gov/nara/cfr/waisidx_07/45cfr74_07.html)
  - Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (OMB Circular A-110) <http://www.whitehouse.gov/omb/circulars/a110/a110.html#43>
  - Grants and Cooperative Agreements with State and Local Governments (OMB Circular A-102) [http://www.whitehouse.gov/omb/circulars\\_a102/](http://www.whitehouse.gov/omb/circulars_a102/)
- Prevailing Wage <http://www.gpo.gov/davisbacon/index.html>

**133. The FIP program guidance states that “all procurement transactions must provide competition to ensure the cost of the project is reasonable.” If we are part of a joint purchase consortium do we still need to go outside our joint purchase vendors for additional quotes if there is only one or two vendors in our system offering a piece of equipment? The reason the vendors are in our system is because it has already been negotiated that we would get the best price from them.**

In order to utilize existing purchase arrangements, the applicant should be able to show that any procurement agreement already in place meets the requirements for having ensured competition and therefore reasonable costs. All applicants should review the procurement regulations and requirements for Federal grant recipients mentioned above.

**134. On page 30 of the guidance, what does the section on “Preference for Quick Start Activities (ARRA)” mean? Isn't 120 days from the enactment of ARRA in June?**

The quick start provision of the Recovery Act applies primarily to the Federal agency, and not individual recipients. In terms of the timing of FIP projects, FIP applications should demonstrate that the applicant is ready to complete the proposed project(s) within the 2-year project period.

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## ISSUE: Submission Date and Times

**135. How will I know if my application has been received?**

There will be an acknowledgment of receipt of applications from the EHB. The submitting authorized official (AO) receives the EHB acknowledgments via an email transmittal.

**136. How are applications submitted?**

Applications must be submitted electronically through the EHB. To access the application in EHB, applicants will need to log-in at <https://grants.hrsa.gov/webexternal/login.asp> and click on the "Funding Opportunity" link in the left menu. Enter announcement number HRSA-10-029. The Eligibility Code can be found in the EHB generated email sent the week of June 22, 2009.

**137. What is the deadline for this opportunity?**

For this competitive funding opportunity, a deadline has been established for application submission. All FIP applications MUST be submitted by August 6, 2009 at 8:00 p.m. ET.

**138. Is a letter of intent required?**

No. Letters of intent are not required for this funding opportunity.

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## ISSUE: Post-Award Requirements

**139. How can I track and separate ARRA versus H80 funds?**

To facilitate monitoring and tracking of FIP funds from any other funds, FIP grants will be provided under a unique grant number and Payment Management System (PMS) sub-account. The activity code for FIP grants is C80. FIP funds must be tracked separately and not co-mingled or pooled with other Federal, State, or local funds. Recipients must maintain financial records that identify the source and use of funds for each federally-sponsored activity.

**140. How will FIP funding be delivered to applicants?**

Recipients will receive FIP funds much in the same way centers get their current H80 funding via the PMS; an NGA will be issued under a different grant number. For information regarding the drawdown of your awarded funds, contact your account representative at 1-877-614-5533 or <http://www.dpm.psc.gov/>. Recipients should draw down funds based on the needs of the FIP project.

**141. What are the reporting requirements for Recovery Act funding?**

Applicants must continue to comply with the usual and customary reporting requirements of the Health Center Program, in addition to specific Recovery Act reporting. Recipients of Recovery Act funding will be required to provide periodic reports to ensure that funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated. Recovery Act funds can be used in conjunction with other funding as necessary to complete projects, but tracking and reporting must be separate to meet the reporting requirements of the Recovery Act. Additional information is available at [http://www.whitehouse.gov/omb/recovery\\_default/](http://www.whitehouse.gov/omb/recovery_default/).

Generally, as required by the Recovery Act, recipients are required to report the following information to the Federal agency providing the award 10 days after the end of each calendar quarter; submission dates will be January 10, and April 10, July 10, October 10,. These reports will include the following data elements, as prescribed by the Recovery Act:

1. The total amount of Recovery Act funds;
2. The amount of Recovery Act funds received that were obligated and expended to projects or activities. This reporting will also included unobligated allotment balances to facilitate reconciliations.
3. A detailed list of all projects or activities for which Recovery Act funds were obligated and expended, including
  - a. The name of the project or activity;
  - b. A description of the project or activity;
  - c. An evaluation of the completion status of the project or activity;
  - d. An estimate of the number of jobs created and the number of jobs retained by the project or activity.

4. Detailed information on any subcontracts or subgrants awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (P.L. 109-282), allowing aggregate reporting on awards below \$25,000 or to individuals, as prescribed by the Director of the Office of Management and Budget.

**142. What documents must be submitted when projects are completed?**

HRSA requires the following documentation and certification once FIP projects have been completed:

- For alteration/renovation, the recipient must self-certify that the project is complete and must submit: before and after photos (with brief descriptions), final budget, Financial Status Report (SF-269A), and itemized equipment list (as applicable), and a letter stating that the project was completed in accordance with previously certified contract documents and in accordance with all applicable Federal statutes and regulations.
- For construction projects, the recipient must submit: before and after photos (with brief descriptions), final budget, Financial Status Report (SF-269A), itemized equipment list (as applicable), certificate of occupancy, a certificate of substantial completion, and a letter stating that the project was completed in accordance with previously certified contract documents and in accordance with all applicable Federal statutes and regulations.

**143. What if my proposed new site will not be operational within 120 days of the application and Change in Scope request submission?**

HRSA realizes that many new sites proposed as part of an alteration/renovation or construction project will not be operational within the normally required initial time period of 120 days. Therefore, applicants will need to verify that the site is operational within 60 days of project completion as indicated in the FIP application.

**144. When will new sites be verified?**

Applicants will need to verify that the site is operational within 60 days of project completion as indicated in the FIP application.