

# Single PW for Project Pilot Program - Standard Operating Procedure

## FEMA Public Assistance Program

DR-1603/DR-1607

### 1. Introduction

A Single PW for Project Management Pilot Program was authorized by the September 5, 2007 letter from Jim Stark, Director, Transitional Recovery Office to Col. Kirkpatrick, GOHSEP. With the concurrence and commitment of all parties, the Pilot Program initiative will deliver additional project management consideration to the initial 23 pre-identified Sub-grantees.

*The intent is to provide additional consideration of Project Management funding for severely-impacted Sub-grantees using a single, or limited number of aggregated, single-PWs grouped logically at the Sub-grantee's request.*

### What is Project Management?

Project Management (PM) is the scope of non-construction activities necessary to move a specific project forward, including:

- Management of Design – scoping, bidding, awarding, scheduling, monitoring, reviewing the design of repairs
- Management of Construction – scoping, bidding, awarding, scheduling, monitoring, processing payments, reviewing, testing, and acceptance of the construction work

Project Management is particularly relevant for severely impacted Sub-grantees with multiple, complex and inter-related projects that are unable to move forward effectively due to the lack of sufficient qualified staff to assist them in completing their recovery efforts. PM is similar to architectural and engineering (A&E) design as they are both professional services that can be eligible if the work is reasonable and necessary to perform the eligible scope of repair.

Heavily impacted applicants with a diverse set of recovery projects necessarily have different needs than those applicants with only minimal or minor damage. These severely impacted applicants may under normal circumstances have little or no expertise, and minimal resources available for work typically associated with disaster recovery. It is the intent of this SOP to recognize that there is some reasonable level of effort associated with management of an applicant's long term recovery.

### The Eligibility of PM and PM contracts

Guidance for determining eligibility of PM, in Public Assistance (PA) terms, has been provided in FEMA Policy 9525.6, *Project Supervision and Management Costs of Sub-grantees*. Eligible project management activities are those activities that the Sub-grantee would have performed in the absence of Federal funding.

There are a number of potential issues for Sub-grantees that enter into Agreements for PM services. These include contract tasks that are too broadly defined to demonstrate

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eligibility, a lack of necessary oversight or cost tracking, and challenges with suitable documentation linking work performed with eligible projects. This Standard Operating Procedure (SOP) outlines roles and responsibilities for the Sub-grantee, State and FEMA to minimize the risk associated with these issues.

## **Establishing PM Costs**

For the Katrina and Rita recovery, most large, permanent work projects were estimated using the Cost Estimating Format (CEF) - particularly those for severely-impacted Sub-grantees. Funding for project management, within the CEF, is based on industry standards or averages.

The preferred approach for establishing PM costs is for the Sub-grantee (with the assistance of the State and FEMA) to develop a reasonable scope of work and timeline. Based on that scope and schedule, the appropriate level of effort can then be determined. Once the reasonable effort has been determined, the cost of that effort can then be determined. Project Management costs can also include the cost of field offices and office supplies necessary to support the above effort.

The goal is to provide a reasonable level of funding, based on a reasonable level of effort and cost.

This SOP outlines the process for documenting the increase in funding above typical industry standards and the tasks associated with PM in the recovery effort.

## **Reporting Requirement**

This Pilot Program is an exception to the normal practice of including PM on each appropriate permanent work PW. Because this single-PW approach is a Pilot Program initiative, FEMA expects the State to provide a quarterly status report for the 23 Sub-grantees. These summaries will allow FEMA and the State to perform periodic checks for each Sub-grantee and add a quality assurance component to the process. FEMA reserves the right to terminate the Pilot Program initiative and return to the standard PA process for PM.

## **2. Projects Eligible for PM Consideration**

The Pilot Program is designed to deliver appropriate funding consideration of Project Management for Sub-grantees and their projects that require PM to perform the underlying, eligible scope of repair work (typically construction PWs). The Pilot Program does not change the basic eligibility and application of PM in the PA Program.

- The Pilot Program will primarily focus on large, permanent work construction projects
- Emergency work may be considered – this is only applicable to large, emergency work projects involving construction of facilities;

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- Small projects typically will not be included unless they are incomplete, require the same PM tasks to be performed and/or logically fit into the Sub-grantee grouping, for example where a small project PW is logically associated with other PW's at 1 site.
- Completed projects should not be considered

### **3. Importance of getting information from State and Sub-grantee**

Sub-grantees should initiate the request for additional PM consideration with the State and be prepared to document both the tasks to be performed and the reasonable costs to perform the tasks.

The State should review the Sub-grantee request and forward their recommendation to the FEMA Project Management Team and Public Assistance Coordinator (PAC). The State recommendation should be properly documented and include a copy of the Sub-grantee-provided information. The FEMA PAC, Operations Lead and Project Management Team will review the State recommendation and respond in writing.

The FEMA review will result either in a request for more information or approval / denial of the recommendation. It is important that FEMA, the State and the Sub-grantee work openly and collaboratively at this stage to understand the boundaries of PM and set appropriate expectations for eligibility of tasks and reasonableness of costs.

### **4. Documenting eligible tasks to be performed**

It is very important that the Sub-grantee understands the scope of PM activities eligible under the PA program. Most activities undertaken by a Sub-grantee that are recovery-related can be categorized as either:

- Not eligible under PA, or
- Eligible and covered by the Administrative Allowance, or
- Eligible and part of project management (required to design or construct the facility.)

The State and FEMA need to understand how the Sub-grantee is going to perform PA-eligible PM activities and how they will be documented. Therefore, as part of their original request, the Sub-grantee will:

- Document eligible PM activities by task to be undertaken, and
- Document whether the tasks will be performed with existing in-house resources, new in-house staff or with contract staff.

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## **5. Writing the Single-PW for PM**

When FEMA provides written approval of the State's recommendation for PM support to a particular Sub-grantee, a single-PW for PM can be written. Each PW will be different given the needs and circumstances of the Sub-grantee; however, there are certain common elements that must be captured in the PW, including:

- A copy of the September 5, 2007 Stark letter authorizing a single-PW for PM pilot program,
- The Sub-grantee's request,
- The Sub-grantee's list of approved PM tasks,
- The Sub-grantee's documentation of reasonable costs,
- A list of the underlying permanent work projects themselves and the associated PW number,
- A summary of the project, original amount included in the PWs for PM and the new individual PM contribution of that project to the overall PW cost estimate,
- The State's recommendation regarding the Sub-grantee request, and
- A copy of any bid packets, contract or other documentation let for the PM work.

To the greatest extent practical FEMA will attempt to incorporate the sub-grantee's list of eligible PM tasks into the PW scope of work in order to facilitate grants management and sub-grantee reimbursement.

## **6. De-obligating duplicated PM from the underlying construction PWs**

At the same time the single-PW is written, PW versions will be written for all current, associated projects de-obligating any PM funding. The versions should reference the single-PW for PM. The de-obligating PWs will be entered into NEMIS at approximately the same time that the single-PW for PM is obligated.

## **7. Handling Special Considerations**

In many cases, the writing of a single-PW for PM will result in a large number of PW versions de-obligating PM from existing PWs. QA/QC should be notified that these PWs are being written and are related to a change in PM funding for that Sub-grantee. This will facilitate efficient reviews and assist with timing the obligation / de-obligation process.

## **8. Handling Improved and Alternate Project Status**

The single-PW approach can include projects that have different project status, including improved Projects. The associated PM activities will be subject to the same limitations (including capping) as the underlying work as appropriate. The PW will require that all costs associated with non-eligible work be tracked and accounted for separately. This is particularly relevant for Improved Projects where there is additional

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non-PA eligible work. The Sub-grantee is responsible for the PM costs associated with the ineligible work.

PM cost associated with Alternate Projects will be included with the Alternate Project and are not to be included in the rollup PW created under this program.

### **9. Reviewing Contracts**

The State will work with Sub-grantees to review contract terms and conditions to ensure that both the scope and cost are eligible and reasonable. Project management contracts, whether MSAs or more traditional agreements, must:

- Comply with the procurement requirements of Title 44 of the Code of Federal Regulations (44 CFR), Part 13.36. As a reminder, contracts that are contingent on the Sub-grantee's receipt of FEMA funding or are based on the contractor's cost plus a percentage of cost or are a percentage of construction shall not be used.
- Be reviewed to ensure no duplication in scope with the Sub-grantee's staff duties or other contract work, and
- Provide for documentation of the work that is traceable back to specific, eligible projects.

### **10. Costs and Versioning PM PWs**

PM PWs will be versioned on a case by case basis, justified by changes in the scope of work.

### **11. Roles and Responsibilities**

#### **Sub-grantee**

The Sub-grantee is responsible for submitting a request to the State for consideration of project management on a single-PW. The Sub-grantee and State must determine the eligible project management tasks and a methodology for estimating reasonable project management costs.

During operations, the Sub-grantee is responsible for managing the project management contractor, accounting for costs on a project-by-project basis and maintaining documentation. The Sub-grantee will submit periodic, single invoices to the State for PM activities and include backup. The Sub-grantee's documentation must include the billing of each project management contractor or force account payroll records, and this documentation must correlate to the actual construction projects (underlying PW's). At closeout, the Sub-grantee must provide project specific source documentation and a summary of expenditures.

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**Note:** Some Sub-grantees have entered into project management agreements, but have not tracked their time down to a specific project or PW. For these Sub-grantees FEMA will write PM PW versions to prorate or allocate the costs to date using the underlying PWs as a proportional basis; however, the work going forward will be tracked on a PW basis.

The proration will need to be evaluated for reasonableness. This is intended to mean that the costs to date should be in line with the cost of the level of effort expended on the underlying projects, for eligible scope. Ideally, an analysis showing the scope, effort and cost of the effort on the work performed to date would result in a similar amount to the cost to date and would therefore justify the cost to date. Regardless, costs going forward must be tracked on a PW basis.

### State

The State will work with the Sub-grantee to develop an internal analysis of the numbers of PWs, project dollars and the requests to FEMA for a single-PW for PM. The State will submit the request to FEMA. The State is responsible for reviewing the Sub-grantees procurement practices and contract with each project management contractor prior to the start of work and ensuring the Sub-grantee is aware of eligible PM tasks. Further, the State is responsible for explaining the documentation requirements to each Sub-grantee.

During operations, the State will monitor construction progress, reporting and documentation to ensure it is consistent with the provisions of a single project management PW process. The State will review, provide details, and notify FEMA of any event that may trigger the need to version the single-PW. This should include any changes in project status, significant versions to any related construction PWs that may require additional PM funding, and any Special Considerations information already made available to the State. At closeout, the State will participate in the review of all Sub-grantee documentation based upon project specific accounting.

### FEMA

FEMA will review and approve each request and analysis from the State for a single-PW for PM. As Sub-grantees are approved, FEMA will obligate a single-PW for PM costs and de-obligate PM costs included in any associated construction PWs. The single-PW will be written to include a listing of eligible project management tasks and the underlying construction PWs. FEMA will participate in the closeout efforts.

## 12. Sample Language

The following items are examples of Typical Project Management Tasks

Note – this list should be furnished in writing by the Sub-grantee and represent only those activities that they *would* have performed in the absence of Federal funding. This

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list is not exhaustive and does not imply these are the only tasks that can be eligible for a project; nor do they imply that these tasks are reasonable or necessary for a particular project.

- Procurement activities for A/E services
- Procurement activities for construction contract
- Work with department's "User agency" and A/E contractor to develop the scope of work
- Establish the design scope and review document development
- Management/oversight of any required owner-furnished testing & inspection services
- Meet A/E consultants at various phases during document preparation
- Evaluate scope changes or additions proposed by the A/E consultants
- Evaluate construction cost estimates
- Review preliminary and final plans and specifications to ensure they:
  - Comply with Design Standards,
  - Comply with applicable Codes and Standards, and
  - Comply with any and all permitting restrictions/requirements (federal, state, or local entities with jurisdiction for the facility, etc.).
- Coordinate/manage design and construction schedules
- Provide safety & permits information for Building Permit
- Coordinate with Sub-grantee's financial department to ensure adequate project funding
- Recommend final documents for bid advertisement
- Review all addenda
- Attend pre-bid meetings
- Attend bid openings and review A/E bid tabulations
- Recommend award of construction contract to governing authority or recommend rejection of bids
- Attend pre-construction meetings
- Review all A/E and contractor payment applications for acceptability
- Maintain schedules on the deadlines of document submittals and completion of construction schedule
- Review the Schedule of Values and Proposed Construction Schedules
- Make routine site visits to evaluate progress, performance and compliance
- Attend progress meetings
- Prepare and maintain detailed project files
- Provide ongoing monitoring/reporting to Sub-grantee Administrator
- Evaluate Change Order proposals, (scope of work and costs) for changes or additions during construction phase
- Participate in the Substantial Completion Inspection and reviewing/approving A/E punch list of unfinished work.
- Recommend Substantial Completion Certificate
- Process Substantial Completion Certificates thru any lien period

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- Review all completed work with the A/E and reviewing A/E recommendation for Final Acceptance.
- Review contractor's final Pay Application, clear Lien and Privilege Certificate and Consent of Surety.


**Program Level Tasks:** The scope of work may also contain tasks that apply to more than one PW, or where the work done under one PW can be used on other PWs with little or no change. These tasks can be prorated between underlying projects; however, this should be approved in advance and tracked separately.

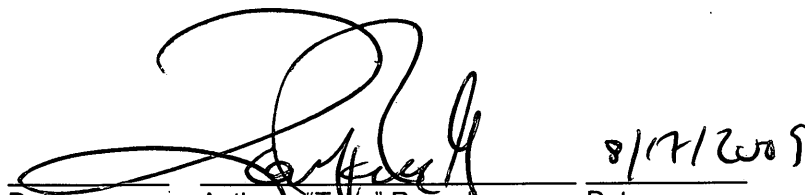
## 13. Approved Sub-grantees for PM Pilot Program

Currently the following 23 Sub-grantees are approved for consideration in the Pilot Program:

1. City of New Orleans Capital Projects Administration (CNO)
2. Sewer & Water Board of New Orleans (SWBNO)
3. Jefferson Parish
4. St. Bernard Parish
5. Facilities Planning & Control (FP&C)
6. Orleans Parish School Board (OPSB)
7. Cameron Parish Police Jury
8. Cameron Parish School Board
9. Recovery School District (RSD)
10. Plaquemines Parish
11. St Bernard Parish School Board
12. Archdiocese of New Orleans
13. Delgado Community College
14. Plaquemines Parish School Board
15. St Tammany Parish School Board
16. Tulane
17. Vermillion Parish School Board
18. Orleans Levee District
19. Jefferson Parish Public School System
20. Orleans Parish Criminal Sheriffs Dept.
21. Holy Cross
22. LSU Health Science Center – New Orleans
23. LSU HSCD Medical Center

### APPROVED:

  
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