

MEMORANDUM

TO: U.S. Department of Housing and Urban Development, Richmond Field Office

CC TO: City of Norfolk, RISE Resilience

FROM: Eric Johnson, Director, Virginia Department of Housing and Community Development

Draft Substantial Amendment #1 to National Disaster Resilience Grant CDBG-NDR (B-13-

SUBJECT: DS-51-0001) Action Plan

DATE: May 6, 2019

Summary of Changes

The Virginia Department of Housing and Community Development submits the following information in support of a request for a Substantial Amendment to CDBG-NDR (B-13-DS_51_0001). The request for a Substantial Amendment is triggered by the reallocate of over \$1 Million within the DRGR system and removal of one activity under the Coastal Resilience Laboratory & Accelerator Center (d.b.a. RISE) component. The proposed amendment does not result in any change to Grantee’s capacity or soundness of approach.

Ohio Creek Watershed Project

The chart below details the reallocation requested to the 02-NDR funding Ohio Creek Watershed Project. This amendment renames activities, combines activities and reallocates funds to align with the construction packages, allowing for better tracking of funds spent to construction elements completed, improving the financial management of the grant.

<u>Current DRGR Activities</u>	<u>Current DRGR Activities Allocation</u>	<u>Current DRGR Activities Metrics</u>	<u>Requested Reallocation DRGR Activities</u>	<u>Requested Reallocation DRGR Allocation</u>	<u>Requested Reallocation DRGR Metrics</u>
Administration	\$3,137,636.19		Administration	\$3,137,636	
Planning	\$17,292,876.32		Planning	\$17,292,876.32	
Flood Walls	\$7,253,600	1,000 linear ft. of public improvement	Flood Walls	\$4,121,672.13	950 linear ft of public improvement
Living Shorelines	\$2,348,000	2,000 linear ft of green public improvement	Coastal Berm/Living Shoreline	\$13,688,061.40	5,500 linear ft of public improvement
Coastal Berm	\$7,472,000	2,000 linear ft of public improvement			
Water Retention, Street Retrofits	32,600,000.68	6,000 linear ft. of public improvements	Water Retention, Street Retrofits, Road Improvements	\$40,073,652.60	10,000 linear ft of public improvement
Road Improvements	\$8,300,000	1,000 linear ft of public improvement			
Parcel Level Retention	\$140,350	10 linear ft. of public			

<u>Current DRGR Activities</u>	<u>Current DRGR Activities Allocation</u>	<u>Current DRGR Activities Metrics</u>	<u>Requested Reallocation DRGR Activities</u>	<u>Requested Reallocation DRGR Allocation</u>	<u>Requested Reallocation DRGR Metrics</u>
Improvements (public land)		improvement & 1 acre wetlands			
Pump Stations/Tide Gates	\$23,724,000	5 facilities	Pump Stations/Tide Gates	\$20,745,694.47	3 facilities
Restoration Ponds & Restored Wetlands	\$7,290,723	5 acres of wetlands	Community Amenities/Wetlands Mitigation	\$11,499,593.08	3 acres of wetlands
Parcel Level Incentive Program	\$100,000	500 persons beneficiaries	Parcel Level Education Program	\$100,000	500 people beneficiaries
Real Estate	\$3,000,000	1,000 linear ft of public improvement	Real Estate	\$2,000,000	1,000 linear ft of public improvement
TOTAL	112,659,186.19			\$112,659,186.19	

Explanation of Fund Reallocations

Current DRGR estimates of activity costs were created when the Ohio Creek Watershed Project was at ten (10) percent design. The project design is now complete, and the requested reallocation reflects the new estimated costs and design of the project.

The differences between **Current DRGR Activities Allocation** and **Requested Reallocation DRGR Allocation** costs identified in the chart above are described below:

Flood Walls: Approximately 350 ft of the proposed flood wall will now be built with earthen berm fronted by a Gabion Wall which substantially reduced the cost of the flood walls. Therefore, the cost of the berm is now incorporated into the Coastal Berm/Living Shoreline activity and reduces the amount in the flood walls activity

Coastal Berm/Living Shoreline: This activity will combine the current living shoreline and coastal berm activities. As designed, the two activities are interconnected as one project, which includes the 350 feet of earthen berm budget which was previously a floodwall. The updated budget reflects substantially more coastal berm and less grey (wall) infrastructure.

Water Retention, Street Retrofits, Road Improvements: This activity incorporates three activities from the current DRGR as detailed in the chart above. The three items are included in one bid package titled infrastructure. The water retention will be constructed in the road right-of-way and will be installed in conjunction with the realignment and resurfacing of the roads. Therefore, the three items are now combined into one activity.

Pump Station/Tide Gates: The cost remains substantially the same when planning costs are migrated into construction costs. Rather than 5 smaller pump station the project was optimized to provide the same level of capacity using 2 large pump stations and a tide gate.

Community Amenities/Wetland Mitigation: This activity now incorporates the resilience park construction. The budget increase reflects the addition of the resilience park.

Real Estate: The initial project design required approximately 25 properties for purchase and approximately 38 permanent easements for purchase. The final project design requires approximately 17 properties for purchase and 18 properties for permanent easement purchase; lowering the overall anticipated cost of real estate.

Coastal Resilience Laboratory & Accelerator Center (d.b.a. RISE) Changes

This Action Plan Amendment amends the allocations, metrics and Activity narrative to the Coastal Resilience Laboratory & Accelerator Center (d.b.a. RISE). The chart below details the reallocation requested to the 03-NDR funding for RISE. RISE Activities were set up in July 2017 which was prior to approval of eligible activity waiver. Existing metrics and budgets in DRGR are not in alignment with the flexibility of the waiver and do not accurately reflect RISE’s work over the past two years. RISE is proposing a restructuring of the activities, funding, and metrics in DRGR to meet the original intention set out in the NDRC application, and using the flexibility of the waiver.

Current Activities	Current Allocation	Change	Requested Allocation	Current Beneficiary Metrics	Current Target	Proposed Beneficiary Metrics	Proposed Target
RESILIENCE INNOVATION FUND							
Revolving Loan Program	\$ 600,000	\$ -	\$ 600,000	No. of permanent jobs created or retained	10	No. of businesses assisted	5
R&D Venture Support	\$ 814,473	\$ 1,475,527	\$ 2,290,000	No. of permanent jobs created or retained	50	No. of businesses assisted	25
Workforce Development	\$ 235,527	\$ 374,473	\$ 610,000	No. cases opened	4	No. of jobs created/retained No. of people trained No. of engagement events (training, workshops)	6 70 10
Corporate Engagement (activity removal)	\$ 325,000	\$ (325,000)	\$ -	No. of permanent jobs created or retained	10	N/A	N/A
Open Competitions	\$ 1,750,000	\$ (1,050,000)	\$ 700,000	No. of permanent jobs created or retained	55	No. of businesses assisted	15
Resilience Campus	\$ 1,250,000	\$ (550,000)	\$ 700,000	No. of permanent jobs created or retained	4	No. of facilities developed	1
Planning	\$ 25,000	\$ 75,000	\$ 100,000	N/A	N/A	N/A	N/A
Administration	\$ 550,000	\$ -	\$ 550,000	N/A	N/A	N/A	N/A
TOTAL			\$ 5,550,000				

RISE – Explanation of Changes

Creation of the Resilience Innovation Fund (RIF) Program:

- Program design and development in past years has led to the creation of the RIF program. The RIF leverages three activities (R&D Venture Support, Revolving Loan, Workforce Development) within a single program.
- The RIF provides support through training and capital in form of loans and grants (R&D grants and Workforce Development grants) to emerging businesses to develop, pilot and grow business around

innovative, resilience-building technologies, products and services in the Hampton Roads region that are scalable to other coastal communities. The goal is to generate economic growth and support the creation of a new regional resilience industry cluster.

- The mechanism for selecting businesses for the RIF awards is the Coastal Community Resilience Challenge. RISE conducts Coastal Community Resilience Challenges to identify resilience problems/topic areas in need of innovative solutions and to surface entrepreneurs with solutions that can be developed, piloted and scaled into viable businesses in the Hampton Roads region. As part of the Challenge process, participating entrepreneurs are also provided with business coaching assistance.
- The costs associated with the development and execution of RIF and the Coastal Community Resilience Challenge are proportionally divided between the three existing activities that constitute the RIF: R&D Venture Support (40%), Revolving Loan (40%), Workforce Development (20%). The actual awards and RISE's time associated with the administration of the awards is charged to the respective activities depending on a type of award (R&D Venture Support Grant, Workforce Development Grant, Revolving Loan) allocated to each awardee.

RISE - Activity Budget, Narrative, and Metrics Changes

Given the information above, we propose to modify the narrative associated with the three activities in the following way. Changes are indicated in red text and strikethrough.

1. R&D Venture Support: 03-NDR-B2

Current Allocation: \$814,473

Budget Change: \$1,475,527

Revised Allocation: \$2,290,000

Budget Change Summary:

The first round of the Coastal Community Resilience Challenge and Resilience Innovation Fund demonstrated that the majority of startups and small business applicants qualify for and are interested in grants as opposed to revolving loans. In total, the small business winners of the first Challenge will receive \$1,100,000 in R&D Venture Support grants from the Resilience Innovation Fund starting in summer 2019. Based on the outcome of the first Challenge, it is projected that the second Challenge round will likely attract business applicants at similar stages of development, requiring grant as opposed to loan funding. The increase of funds in this activity is necessary to appropriate funds to winners of the first Challenge round, administer the awards, and to prepare for the second round of the Challenge and RIF awards.

Metrics Change Summary:

Current Beneficiary Metric: No. of permanent jobs created or retained

Revised Beneficiary Metric: No. of businesses assisted

This activity provides technical assistance, business mentoring support and grant funding to the early stage businesses to develop, pilot and create/grow business around innovative, resilience-building technologies, products and services in the Hampton Roads region.

Narrative Change:

This activity will provide assistance to companies developing innovative resilient technologies. The activity is part of the Resilience Innovation Fund (RIF) which leverages three activities (R&D Venture Support, Revolving Loan, Workforce Development) within a single program. The RIF provides support through training and capital to emerging businesses to develop, pilot and grow business around innovative, resilience-building technologies, products and services in the Hampton Roads region. This assistance may also come in the form of financial, technical, or managerial/consulting services. Financial assistance may come in the form of seeking additional financial assistance, underwriting, or direct investment of infrastructure or equipment. This activity will assess companies and provide assistance which, in turn, will help companies grow, retain and create jobs. The mechanism for selecting businesses for the RIF awards is the Coastal Community Resilience Challenge. RISE conducts Coastal Community Resilience Challenges to identify resilience problems to be solved and to surface entrepreneurs with solutions that can be piloted and scaled into viable businesses in the Hampton Roads region. Businesses with interest in developing resiliency related goods and services will be evaluated by RISE staff and Resilience Innovation Fund Investment Committee board and consultants to determine if a RISE investment is viable and further cultivate the product financing and development stages. In addition to internal technical assistance, RISE has interest in procuring the services of a public benefit corporation such as 1776 which will provide mentoring and access to global markets. ~~Planning activities (under 03-NDR-C1) for this activity will include: assistance with programs, legal documents, company assessment, and due diligence processes.~~

~~An eligibility waiver request for the regional Coastal Resilience Lab and Accelerator Center (CLRAC) was requested of HUD on July 6, 2016. This waiver is required because the Center design does not break down neatly into CDBG eligibility categories. Portions of the Center program are eligible activities while other portions appear to be outside the usual CDBG realm. CLRAC staff will be coordinating the various types of assistance into a coherent whole, moving between supporting eligible and currently potentially ineligible activities. As of this Action Plan Submittal, this waiver has not been published in the Federal Register.~~

2. Revolving Loan Fund: 03-NDR-A1

Metrics Change Summary:

Current Beneficiary Metric: No. of permanent jobs created or retained
Revised Beneficiary Metric: No. of businesses assisted

This activity provides technical assistance, business mentoring support and loan funding to the early stage businesses to develop, pilot and create/grow business around innovative, resilience-building technologies, products and services in the Hampton Roads region.

Narrative Change:

This activity will support innovative resiliency efforts through a business loan program which is part of the Resilience Innovation Fund (RIF). The RIF leverages three activities (R&D Venture Support, Revolving Loan, Workforce Development) within a single program. The RIF provides support through training and capital to emerging businesses to develop, pilot and grow business around innovative, resilience-building technologies, products and services in the Hampton Roads region. Businesses developing innovative resilient technologies may require funding to expand and diversify. The mechanism for selecting businesses for the RIF awards is the

Coastal Community Resilience Challenge. RISE conducts Coastal Community Resilience Challenges to identify resilience problems to be solved and to surface entrepreneurs with solutions that can be piloted and scaled into viable businesses in the Hampton Roads region. Businesses with interest in developing resiliency related goods and services will be evaluated by RISE staff and Resilience Innovation Fund Investment Committee board and consultants to determine if a RISE investment is viable and further cultivate the product financing and development stages. The loan program guidelines are being developed by RISE's staff, Board and consultants. These capital injections in the form of loans will help retain and create new jobs. The actual loans will be made under Grantee Activity Number 03-NDR-01. Planning efforts under the planning activity (03-NDR-C1) for this activity will include developing the loan description, legal documents, loan assessment and due diligence processes. This may include assisting private, for-profit businesses and non-profit organization. Assistance may include, loans, loan guarantees, and technical assistance; and providing economic development services in connection with otherwise eligible CDBG economic development activities as allowed through the Regulatory/Statutory Citations: Section 105(a)(2), Section 105(a)(4), Section 105(a)(14), Section 105(a)(15), Section 105(a)(17), Section 105(a)(19), 570.201(c), 570.201(o), 570.202, 570.203 (a), (b) and (c), 570.204.

There is the possibility to generate program income from this activity. For planning purposes there is a preliminary \$20,000 in estimated program income that will be generated through loan interest repayments. This is a separate DRGR Activity.

An eligibility waiver request for the regional Coastal Resilience Lab and Accelerator Center (CLRAC) was requested of HUD on July 6, 2016. This waiver is required because the Center design does not break down neatly into CDBG eligibility categories. Portions of the Center program are eligible activities while other portions appear to be outside the usual CDBG realm. CLRAC staff will be coordinating the various types of assistance into a coherent whole, moving between supporting eligible and currently potentially ineligible activities. As of this Action Plan Submittal, this waiver has not been published in the Federal Register.

3. Workforce Development: 03-NDR-B5

Current Allocation: \$235,527
Budget Change: \$374,473
Revised Allocation: \$610,000

Budget Change Summary:

The first round of the Coastal Community Resilience Challenge and Resilience Innovation Fund demonstrated demand for grants focused on creation of innovative workforce development solutions that offer pathways to train, retrain, upskill, or reskill workers, as well as connect them to the demands of employers, around emerging resilience jobs in the Hampton Roads region. In total, the first Challenge awardees will receive \$460,000 in Workforce Development grants from the Resilience Innovation Fund starting in summer 2019. The increase of funds in this activity is necessary to be able to appropriate funds to winners of the first Challenge round, administer the awards, and to prepare for the second round of the Challenge and RIF allocation.

Metrics Change Summary:

Current Beneficiary Metric: No. of cases open
Revised Beneficiary Metric: No. of jobs created
No. of people trained
No. of engagement events (training, workshops)

Narrative Change:

This activity provides technical assistance, business mentoring and grant assistance to small businesses and non-profit entities developing workforce in the resilient sector. As a result of the RISE's efforts, there will be demand for local workforce. Jobs may range from low-skilled assembly positions, to higher skilled manufacturing and design positions. This activity will work with local organizations to ensure there is a pipeline of suitably trained local workers to fill these needs. High school and college students will be targeted to receive training for resiliency related jobs. Planning for this activity will develop coordination with existing local workforce development efforts, developing needs for resilience workforce, and building the organization to implement the workforce development plan. ~~under 03-NDR-C1.~~ The activity is part of the Resilience Innovation Fund (RIF) which leverages three activities (R&D Venture Support, Revolving Loan, Workforce Development) within a single program. The RIF provides support through training and capital to emerging businesses to develop, pilot and grow business around innovative, resilience-building technologies, products and services, including workforce development programs, in the Hampton Roads region. The mechanism for selecting businesses for the RIF awards is the Coastal Community Resilience Challenge. RISE conducts Coastal Community Resilience Challenges to identify resilience problems to be solved and to surface entrepreneurs with solutions that can be demonstrated and scaled into viable businesses in the Hampton Roads region. Businesses are evaluated by RISE staff and Resilience Innovation Fund Investment Committee to determine if a RISE investment is viable.

An eligibility waiver request for the regional Coastal Resilience Lab and Accelerator Center (CLRAC) was requested of HUD on July 6, 2016. This waiver is required because the Center design does not break down neatly into CDBG eligibility categories. Portions of the Center program are eligible activities while other portions appear to be outside the usual CDBG realm. CLRAC staff will be coordinating the various types of assistance into a coherent whole, moving between supporting eligible and currently potentially ineligible activities. As of this Action Plan Submittal, this waiver has not been published in the Federal Register.

4. Open Competitions: 02-NDR-B1

Current Allocation:	\$1,750,000
Budget Change:	(\$1,050,000)
Revised Allocation:	\$700,000

Budget Change Summary:

With RISE's main focus on the Coastal Community Resilience Challenge/Resilience Innovation Fund program, we request reallocation of funds from this activity to the R&D Venture Support and Workforce Development activities.

Metrics Change Summary:

Current Beneficiary Metric:	No. of permanent jobs created or retained
Revised Beneficiary Metric:	No. of businesses assisted

Narrative Change:

~~Procurement challenges will~~ This activity solicits individuals, teams or companies to design, build and test prototypes of resiliency technologies with a view to demonstrating capability. RISE coordinates access to the region's living testbed to innovators and businesses in need testing and demonstrating resilience-building solutions. RISE shepherds businesses through the testing, demonstration, and product evaluation. RISE brokers between regional assets and innovators, identifying test sites, facilitating access to data and key stakeholders,

and regional cities' physical infrastructure. RISE monitors and assesses suitability of products and solutions for the Hampton Roads region's resilience needs and disseminates knowledge to regional stakeholders.

~~Key to this activity is that the resilience technologies must not be currently available. They will meet a specific set of needs set by the NDRC program that are not met by any product. Successful entries will be selected to proceed to manufacture and sale of the products for the NDRC Ohio Creek work. Testing and assembly will be done in the Hampton Roads area providing jobs in the region. Manufacturing will be done in the Hampton Roads region as long as there is the capability and resources to do so. This activity is focused on job creation. Planning activities (under 03-NDR-C1) include: development of the procurement process in accordance with CDBG regulations, 2 CFR 200 regulations, marketing approach, prize description and legal materials, and prize operation procedures.~~

An eligibility waiver request for the regional Coastal Resilience Lab and Accelerator Center (CLRAC) was requested of HUD on July 6, 2016. This waiver is required because the Center design does not break down neatly into CDBG eligibility categories. Portions of the Center program are eligible activities while other portions appear to be outside the usual CDBG realm. CLRAC staff will be coordinating the various types of assistance into a coherent whole, moving between supporting eligible and currently potentially ineligible activities. As of this Action Plan Submittal, this waiver has not been published in the Federal Register.

5. Resilience Campus: 03-NDR-B3

Current Allocation: \$1,250,000
Budget Change: (\$550,000)
Revised Allocation: \$700,000

Budget Change Summary:

The Resilience Campus will be developed in an existing, rental spaces that will not require major reconstruction. Therefore, a portion of the funds initially allocated for this activity can be reallocated to R&D Venture Support and Workforce Development activities.

Metrics Change Summary:

Current Beneficiary Metric: No. of permanent jobs created or retained
Revised Beneficiary Metric: No. of facilities developed

Narrative Change:

In order for companies to build, test, prototype, and scale up their designs, RISE will establish and run a Resilience Campus. The Campus will provide space and laboratory facilities for these companies to operate. It may include the acquisition, construction, reconstruction, or rehabilitation of a separate building or it may result in the development of existing space or RISE may partner with a local university with appropriate laboratory facilities. Equipment and laboratory materials may be required to allow for product testing. This activity will be undertaken through the eligibility allowed through the Special Economic Development activities as laid forth in

Regulatory/Statutory Citations: Section 105(a)(2), Section 105(a)(4), Section 105(a)(14), Section 105(a)(15), Section 105(a)(17), Section 105(a)(19), 570.201(c), 570.201(o), 570.202, 570.203 (a), (b) and (c), 570.204.

Planning efforts for this activity will be minimal and consist of developing how the Resilience Campus will interface with other activities and will occur under activity 03-NDR-C1 until the activity is cleared by environmental review.

An eligibility waiver request for the regional Coastal Resilience Lab and Accelerator Center (CLRAC) was requested of HUD on July 6, 2016. This waiver is required because the Center design does not break down neatly into CDBG eligibility categories. Portions of the Center program are eligible activities while other portions appear to be outside the usual CDBG realm. CLRAC staff will be coordinating the various types of assistance into a coherent whole, moving between supporting eligible and currently potentially ineligible activities. As of this Action Plan Submittal, this waiver has not been published in the Federal Register.

Activity Removal

We request removal of the “Corporate Engagement” activity because efforts associated with this activity are conducted under the existing activities #03-NDR-B1, 03-NDR-B2, 03-NDR-B3, 03-NDR-B5, and 03-NDR-A1.

Corporate Engagement: 03-NDR-B4

This activity will work with corporations to become involved in resilience efforts in Hampton Roads. RISE will broker needs of the cities, corporations, and local businesses to ensure that the necessary relationships are established and maintained. This activity will support success of activities #03-NDR-B1, 03-NDR-B2, and 03-NDR-B3. Although this activity may not directly retain or create jobs, it will be a key component to success by assisting smaller companies in growth, manufacturing, facilities, and knowledge base that may not be available to them. Planning activities for this effort will include generation of databases of eligible companies in the resilience sector, contacts, and partnership structure(s). Planning will also include conversations with companies to refine materials and approaches, and develop pathways forward to establish joint efforts under 03-NDR-C1.

An eligibility waiver request for the regional Coastal Resilience Lab and Accelerator Center (CLRAC) was requested of HUD on July 6, 2016. This waiver is required because the Center design does not break down neatly into CDBG eligibility categories. Portions of the Center program are eligible activities while other portions appear to be outside the usual CDBG realm. CLRAC staff will be coordinating the various types of assistance into a coherent whole, moving between supporting eligible and currently potentially ineligible activities. As of this Action Plan Submittal, this waiver has not been published in the Federal Register.

Planning

Current Allocation:	\$25,000
Budget Change:	\$75,000
Revised Allocation:	\$100,000

Budget Change Summary:

Additional funding is needed to conduct planning and design of the Resilience Campus before the activity is cleared by environmental review. Upon the conclusion of the environmental review and Release of Funds, funds will be reclassified to the Resilience Campus activity.