

Qs And As

1. What is the Coastal Impact Assistance Program?

The Energy Policy Act of 2005 created the Coastal Impact Assistance Program (CIAP). Under CIAP, \$250 million for each fiscal year (FY) 2007 through 2010 shall be disbursed to eligible producing States and coastal political subdivisions (CPSs).

2. What agency will manage CIAP?

Under the provisions of the Act, the authority and responsibility for the management of CIAP is vested in the Secretary of the Interior. The Secretary has delegated this authority and responsibility to the Minerals Management Service (MMS).

3. How will CIAP be managed?

CIAP funding will be disbursed to States and CPSs through a federal grants process. Broadly speaking, the CIAP grant process will have two components: programmatic requirements and business management requirements. MMS will monitor both components, and will conduct site visits and audits for individual projects as necessary to ensure the success of the program. Programmatic requirements are the technical provisions of the authorizing statute and guidelines, and are analogous to the scope of work that will be performed under CIAP. Business management requirements are the financial provisions spelled out by the statutes, regulations, administrative requirements, and relevant Office of Management and Budget (OMB) circulars. The MMS will utilize Grants.gov as its electronic system for submitting grant applications. All announcements concerning CIAP grants will be available through the Grants.gov website. The URL for Grants.gov is <http://www.grants.gov>.

4. Who is eligible to receive CIAP funds?

There are six producing States and 67 coastal political subdivisions (CPSs) eligible to receive CIAP funds.

Eligible States are:

Alabama, Alaska, California, Louisiana, Mississippi, and Texas.

Eligible CPSs are:

Alabama Counties: Baldwin, Mobile

Alaska Boroughs: Anchorage, Bristol Bay, Kenai Peninsula, Kodiak Island, Lake & Peninsula, Matanuska-Susitna, North Slope, Northwest Arctic

California Counties: Alameda, Contra Costa, Los Angeles, Marin, Monterey, Napa, Orange, San Diego, San Francisco, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma, Ventura

Louisiana Parishes: Assumption, Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion

Mississippi Counties: Hancock, Harrison, Jackson

Texas Counties: Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Orange, Refugio, San Patricio, Victoria, Willacy

5. How were eligible States and CPS determined?

The Energy Policy Act of 2005 establishes eligibility criteria for producing States and CPSs.

A “*producing State*” must have a coastal seaward boundary within 200 nautical miles of the geographic center of a leased tract within any area of the OCS. This does not include a State with a majority of its coastline subject to leasing moratoria unless production was occurring on January 1, 2005 from a lease within 10 nautical miles of the State’s coastline.

Coastal political subdivisions (CPSs) are political subdivisions (such as counties, boroughs or parishes) of a coastal State that is within the coastal zone as defined by the CZMA and not more than 200 nautical miles from the geographic center of a leased tract. MMS, in consultation with the States, has determined 67 CPSs are eligible to receive CIAP funding.

6. How are State and CPS allocations determined?

All of the eligible States will share in the \$250 million disbursed annually during fiscal years 2007 through 2010. Each eligible State will be allocated their share based on the State’s Qualified Outer Continental Shelf Revenue (QOCSR) generated off of its coast in proportion to total QOCSR generated off the coasts of all eligible States.

Allocations to States in FY 2007 and FY 2008 are based on FY 2006 QOCSR, and allocations to States in FY 2009 and FY 2010 are based on FY 2008 QOCSR. The Energy Policy Act of 2005 defines which States are eligible, what constitutes QOCSR, and how QOCSR is associated with an eligible State.

A minimum annual share of one percent of CIAP funds is afforded any of the six States that would not otherwise qualify for the minimum share. Of any amount allotted to a State, 65 percent is directed to the State and 35 percent is directed to the eligible CPSs within the State.

Eligible CPSs will be allocated funding based on the following formula:

- 25 percent based upon proportional population of each CPS
- 25 percent based upon proportional length of coastline of each CPS
- 50 percent based upon relative distance of each CPS to the geographic center of each leased tract.

Exceptions to this formula are applied to Louisiana and Alaska due to their unique coastlines, as specified in Section 31 of the Outer Continental Shelf Lands Act. In the February 16, 2007 Continuing Resolution, Congress approved a 3 percent appropriation of the CIAP funds to be used by MMS to administer the CIAP program.

7. How will MMS determine the length of coastline for purposes of disbursing CIAP funds among a State’s coastal political subdivisions?

The phrase “the number of miles of coastline” is used to determine a portion of the allocation formula for payments to the CPSs of the State. Under the authorizing Act, the MMS will use the federally recognized Submerged Lands Act coastline for establishing the length of the coastline for each CPS in the State.

8. What must a State do to receive funding?

Only States that submit a coastal impact assistance state plan (Plan) that meets MMS approval will be eligible to receive CIAP funds. Plans must be developed in consultation with eligible CPSs. A Plan for at least the first year's funds is to be submitted to MMS for approval by July 1, 2008. If a state cannot submit a plan by that date, it should inform MMS of its good intent to do so. Once a Plan is approved, CIAP recipients may submit grant applications for projects included in the plan. CIAP funds for individual projects will be disbursed following the grant award by MMS. The MMS will utilize Grants.gov as its electronic system for submitting grant applications. All announcements concerning CIAP grants will be available through the Grants.gov website. The URL for Grants.gov is <http://www.grants.gov>.

9. What happens if a State does not submit a plan?

If a State does not demonstrate its intent to submit a Plan or have an approved Plan, it will not be eligible to submit grant applications for its allocated funds. In these cases, allocated CIAP funds will be reformulated and made available to the other producing states.

10. When can States submit a plan?

MMS began accepting plans in February 2007. A State must indicate its interest in participating in the program by submitting a plan by July 1, 2008 on the use of at least the first year's funds. States must develop their plans in coordination with their CPSs.

11. Once a plan is submitted, how long will it be before MMS approves it?

States are encouraged to submit copies of their draft plans to MMS when available for public review. Submitting a draft plan to MMS should expedite the approval of the final plan by allowing MMS to identify issues early on that could slow or stop approval if not resolved. When a State plan is received, MMS will have 20 calendar days to review the plan to determine if it contains all required elements. If the plan is deemed not complete, it will be returned to the State to meet compliance. If the plan is deemed complete, MMS will endeavor to complete a review by 90 calendar days to approve or disapprove it.

12. What types of projects can be undertaken using CIAP funding?

CIAP funds can only be used for one or more of the following authorized uses:

- 1) projects or activities for the conservation, protection, or restoration of coastal areas, including wetlands;
- 2) fund mitigation of damage to fish, wildlife, or natural resources;
- 3) planning assistance and the administrative costs of complying with CIAP;
- 4) implementation of a federally-approved marine, coastal, or comprehensive conservation management plan; and
- 5) mitigation of the impact of OCS activities through funding of onshore infrastructure projects and public service needs.

To expedite review and approval of grant applications, descriptions should be clearly and concisely written, and point directly to at least one of these authorized uses. We encourage

early consultation regarding questions on the approvability of a particular grant. Not more than 23 percent of CIAP funds can be spent each fiscal year on efforts accomplished under authorized use 3 or 5 (above).

13. Can infrastructure be built as part of a coastal restoration effort or is infrastructure limited to mitigating the impacts of OCS activities?

Infrastructure can be built under any of the authorized uses if its primary purpose is consistent with that authorized use. Note also that if offshore infrastructure is built under authorized use 5, it must meet a public service need in addition to mitigating the impacts of OCS activities.

14. Can CIAP projects be undertaken anywhere in the State?

Projects may be undertaken anywhere in a state; however, authorized use 1 restricts the use to the coastal area. As a practical matter, MMS believes that all projects, regardless of location, should somehow benefit the coastal zone. Although MMS will not restrict projects to a certain area (except for authorized use 1), MMS will encourage applicants to pursue only projects that provide benefits to the coastal area. These benefits should be clearly defined in the descriptions.

15. When will CIAP funds be disbursed?

The CIAP is authorized for FY 2007 through FY 2010. MMS will accept grant applications in mid-October 2007. With a grant, award recipients will be able to start to draw funds from the grant.

16. How long will MMS have to be involved in the coastal impact assistance process?

The CIAP provides funds for four years, from 2007 to 2010. The MMS will accept grant applications in 2010, but no application in any year can be for more than four years. Consequently, the program is expected to run through 2014 before all grants can be closed out. If any 2010 grant should need a one year extension, (e.g. delays due to weather) the program could extend into 2015.

17. Will CIAP money lapse if it is not spent during the fiscal year for which it is allocated?

CIAP funds will not lapse at the end of the fiscal year. If CIAP money is not spent during the fiscal year for which it is allocated, it remains available in the U.S. Treasury for the State or CPS to use in subsequent years. However, States and CPS are not entitled to interest accrued on any unspent funds held in the U.S. Treasury.

18. How will CIAP funds be disbursed?

All CIAP funds will be disbursed through a grant process. The MMS will use Grants.gov as its electronic system for submitting grant applications. All announcements concerning CIAP grants will be available through the Grants.gov website. The URL for Grants.gov is <http://www.grants.gov>.

19. What is the MMS CIAP grant process?

The CIAP grant process will be guided by the existing OMB regulations. Where possible the MMS will work with the recipients to streamline recipient efforts when applying for the grant funds. To understand the process go to <http://www.grants.gov> or www.mms.gov/offshore/CIAPmain.htm and read “Grant guidelines”.

20. Can states/CPSs start projects now and be assured of being reimbursed for those costs?

No; MMS offers no assurances that costs incurred prior to grant award will be reimbursed. While any of the 73 eligible CIAP grant recipients may start projects now, any reimbursement for incurred costs would depend on the recipient complying with all statutory, regulatory, and policy requirements, as well as upon the status of any unforeseen Congressional legislation affecting CIAP. Consequently, all pre-award costs are incurred at the recipient’s own risk.

To receive reimbursement funds, the project must first be part of a State plan that has been approved by MMS. Secondly, the project must be submitted via the grant application process and with explanations and justifications of the work that clearly relates the project to at least one of the five authorized uses listed in the Act. MMS will award the grant only after conducting a program and business management review of the proposal with positive results and determining there is compliance with all relevant Federal, State and local laws. It is the recipient’s responsibility to be diligent in selecting and describing a project that clearly meets an authorized use to provide them with reasonable assurance that reimbursement costs will be met. Ultimately, if a recipient chooses to begin work before the grant is formally awarded, they incur project costs at their own risk.

21. What if a State spends money on a project that is later determined to be ineligible for CIAP funding?

The expenditure of funds before grant award is strictly at the recipients own risk. If the recipient expends funds for a project that does not receive approval, no funds will be reimbursed for that project.

Within a grant application, states must clearly indicate the amount and nature of all costs incurred for the reimbursement that is sought. The States will be reimbursed for these costs as long as all statutory and grant requirements are met. MMS is required by the Act to determine if any expenditure made by a State or CPS is not consistent with the authorized uses established under the Act. If MMS determines that funds are being expended on an unauthorized use, MMS will not disburse money to that State or CPS until such time that all amounts obligated for unauthorized uses have been repaid or reobligated to an authorized use.

22. What other laws must be considered before undertaking a CIAP project?

As the Federal funding agency, MMS is responsible for verifying compliance with relevant authorities before disbursing funds. Only those proposed projects that meet all Federal, State, and local authorities will be approved for CIAP funding.

23. How did MMS develop the draft CIAP guidelines?

MMS developed the draft CIAP guidelines as specified in section 384 of the Energy Policy Act of 2005, which defined producing states and political subdivisions. MMS refined the guidelines based on comments received from the six affected States.

24. Who commented on the draft?

Eligible States and CPSs were contacted by mail and invited to comment on the draft guidelines. MMS requested that each State consult with its CPSs to develop consensus comments for the State to submit to MMS in a single document.

25. Did MMS meet with the States before developing the final guidelines?

Yes, MMS worked with the States to develop clear and concise guidelines that will lead to timely disbursement of funds for approved projects. MMS CIAP Regional Representatives scheduled meetings with their State as necessary to discuss the CIAP guidelines, and held a two day workshop for all six CIAP States and 67 CPSs in July 2006.

26. What did MMS do with the comments received from the States?

MMS used the comments to develop an effective CIAP program that meets both State and local needs, while complying with Federal law and regulations. MMS reviewed the recommendations and used them to improve or clarify the draft guidelines.

27. Why didn't MMS request public comments and hold public meetings on the CIAP guidelines?

The CIAP guidelines establish criteria for States to prepare their coastal impact assistance plans. As such, the parties affected by the CIAP guidelines are the six eligible States: Alabama, Alaska, California, Louisiana, Mississippi and Texas. As indicated above, the Regional Representatives met with State and CPS points of contact, individually and collectively, and attended public meetings as needed.