

Appendix 4 Investment Justification

A. Investment Justification Overview.

As part of the application process, applicants must develop a formal Investment Justification that addresses each initiative being proposed for funding. These Investment Justifications must demonstrate how proposed projects address gaps and deficiencies in current programs and capabilities.

Applicants may propose up to three investments within their Investment Justification.

The Investment Justification must demonstrate the ability of the applicant to provide tangible, physical security enhancements consistent with the purpose of the program and guidance provided by DHS. Applicants must ensure that the Investment Justification is consistent with all applicable requirements outlined in this application kit.

B. Investment Justification Template.

PSGP applicants must provide information in the following categories for each proposed Investment:

1. Background;
2. Strategic and program priorities;
3. Impact;
4. Funding and Implementation Plan.

Investment Heading	
Port Area	
Applicant Organization	
Investment Name	
Investment Amount	\$

I. Background.

Note: This section only needs to be completed once per application, regardless of the number of Investments proposed. The information in this section provides background and context for the Investment(s) requested, but does not represent the evaluation criteria used by DHS for rating individual Investment proposals.

I.A. Provide an overview of the port system in which this Investment will take place.	
Response Type	Narrative
Page Limit	Not to exceed 2 ½ pages
Response Instructions	<ul style="list-style-type: none"> • Area of Operations: <ul style="list-style-type: none"> ○ Identify COTP Zone ○ Identify eligible port area • Point(s) of contact for organization: <ul style="list-style-type: none"> ○ Identify the organization’s Authorizing Official for entering into grant agreement. ○ Identify the organization’s primary point of contact for management of the project(s). • Ownership or Operation: <ul style="list-style-type: none"> ○ Identify whether the applicant is: (1) a private entity; (2) a state or local agency; or (3) a consortium composed of local stakeholder groups (i.e., river groups, ports, or terminal associations) representing federally regulated ports, terminals, U.S. inspected passenger vessels or ferries. • Role in providing layered protection of regulated entities (applicable to State or local agencies, consortia and associations only): <ul style="list-style-type: none"> ○ Identify the specific regulated entities to which you are providing layered protection. ○ Describe your organization’s specific roles, responsibilities and activities in delivering layered protection. • Infrastructure: <ul style="list-style-type: none"> ○ Describe the type, quantity and significance of infrastructure to be protected through the prospective grant. Identify who the infrastructure is owned or operated by, if not by your own organization. • Nature of Operations: <ul style="list-style-type: none"> ○ Provide a brief summary of the character and scope of your operations. ○ Provide specific data/annual statistics that relate to your specific port project (for port applications), terminal project (for terminal applications), waterways, U.S. inspected passenger vessel or ferry projects: <ul style="list-style-type: none"> ➢ Type and volume of cargo (annual statistics, if applicable) ➢ Type and volume of hazardous materials (annual statistics, if applicable) ➢ Number of passengers (annual statistics, if applicable) ➢ Number of vessels owned (if applicable) <p><i>Note: Terminals and vessels cannot rely on aggregated port statistics.</i></p> <ul style="list-style-type: none"> • Other important features: <ul style="list-style-type: none"> ○ Describe any other operational issues you deem important to the consideration of your application (e.g., interrelationship of your operations with other eligible high-risk ports, etc.).
Response	

I.B. Describe the applicant’s <u>current</u> and <u>required</u> capabilities.	
Response Type	Narrative
Page Limit	Not to exceed ½ page
Response Instructions	<ul style="list-style-type: none"> • Describe your organization’s current and required capabilities related to Maritime Domain Awareness. • Describe your organization’s current and required IED prevention, detection, response and recovery capabilities. • Describe your organization’s current and required training and exercise activities.
Response	

I.C. Provide a brief abstract for this Investment.	
Response Type	Narrative
Page Limit	Not to exceed 1 page
Response Instructions	Provide a succinct statement summarizing this Investment.
Response	

II. Strategic and Program Priorities

II.A. Describe how the Investment will address one or more of the National Port Security Priorities.	
Response Type	Narrative
Page Limit	Not to exceed 1 page
Response Instructions	<ul style="list-style-type: none"> • Describe how, and the extent to which, the proposed investment addresses: <ul style="list-style-type: none"> ○ Enhancement of Maritime Domain Awareness ○ Enhancement of prevention, detection, response and recovery capabilities for: <ul style="list-style-type: none"> ➤ IED attacks involving small craft or underwater swimmers ➤ IED attacks on passenger and/or vehicle ferries ○ Training and exercises ○ TWIC implementation projects ○ Efforts in support of the national preparedness architecture
Response	

II.B. Describe how the Investment will support priorities outlined in the applicable Area Maritime Security Plan (mandated under the MTSA).	
Response Type	Narrative
Page Limit	Not to exceed ½ page
Response Instructions	<ul style="list-style-type: none"> Describe how the investment will support priorities outlined in the applicable Area Maritime Security Plan.
Response	

II.C. Describe how the Investment supports any COTP Port-specific security priorities.	
Response Type	Narrative
Page Limit	Not to exceed ½ page
Response Instructions	<ul style="list-style-type: none"> Describe how the investment supports any port-specific security priorities as set forth by the appropriate COTP.
Response	

II.D. Describe how this Investment will support one or more of the Priorities of the National Preparedness Goal.	
Response Type	Narrative
Page Limit	Not to exceed ½ page
Response Instructions	<ul style="list-style-type: none"> Explain how this investment will support one or more of the following National Preparedness Priorities: <ul style="list-style-type: none"> Expanding regional collaboration; Implementing the National Incident Management System and the National Response Plan; Implementing the National Infrastructure Protection Plan; Strengthening information sharing and collaboration capabilities; Enhancing interoperable communications capabilities; and, Strengthening CBRNE detection and response capabilities. <p><i>Note: At a minimum, the Investment must support implementation of the National Infrastructure Protection Plan (NIPP).</i></p>
Response	

III. Impact

III.A. Describe how the project offers the highest risk reduction potential at the least cost.	
Response Type	Narrative
Page Limit	Not to exceed ½ page
Response Instructions	<ul style="list-style-type: none"> • Discuss the how the project will reduce risk in a cost effective manner. <ul style="list-style-type: none"> ○ Discuss how this investment will reduce risk (e.g., reduce vulnerabilities or mitigate the consequences of an event) by addressing the needs and priorities identified in earlier analysis and review. ○ Identify the nature of the risk, why you consider it a risk, and how the risk and need are related to show how addressing the need through this investment will also mitigate risk (e.g., reduce vulnerabilities or mitigate the consequences of an event).
Response	

III.B. Describe what the potential homeland security risks of not funding this Investment are.	
Response Type	Narrative
Page Limit	Not to exceed ½ page
Response Instructions	<ul style="list-style-type: none"> • Consider the risks that already exist and will be more prevalent and/or any new risks that will result if this Investment is not funded and implemented. • Briefly discuss potential outcomes if this risk is not addressed – explain what vulnerabilities will not be reduced or what potential consequences will not be mitigated.
Response	

IV. Funding & Implementation Plan

IV.A. Investment Funding Plan.	
Response Type	Numeric and Narrative
Page Limit	Not to exceed 1 page
Response Instructions	<ul style="list-style-type: none"> • Complete the chart below to identify the amount of funding you are requesting for <u>this investment only</u>; • Funds should be requested by allowable cost categories (as identified in the FY07 IPP <u>Program Guidance and Application Kit</u>); • Applicants must make funding requests that are reasonable and justified by direct linkages to activities outlined in this particular Investment; and, • Applicants must indicate whether additional funding (non-FY07 PSGP) will be leveraged for this investment. Applicants must provide additional information in question IV.E, indicating the funding source(s) and how those funds will be leveraged. <p><i>Note: Investments will be evaluated on the expected impact on security relative to the amount of the investment (i.e., cost effectiveness). An itemized Budget Detail Worksheet and Budget Narrative must also be completed for this investment. See Appendix 5 of this document for a sample format.</i></p>
Response	

The following template illustrates how the applicants should indicate the amount of FY07 PSGP funding required for the investment, how these funds will be allocated across the cost elements, and the required cash match:

	FY07 PSGP Request Total	Cash Match	Grand Total
Maritime Domain Awareness			
Prevention, Protection, Response and Recovery Capabilities			
Training			
Exercises			
TWIC Implementation			
National Preparedness Architecture			
M&A			
Total			

IV.B. Identify up to five (5) potential challenges to the effective implementation of this investment (e.g., stakeholder buy-in, sustainability, aggressive timelines).	
Response Type	Narrative
Page Limit	Not to exceed ½ page
Response Instructions	<ul style="list-style-type: none"> • For each identified challenge, provide a brief description of how the challenge will be addressed and mitigated, and indicate a probability of occurrence (high, medium, or low); • The response should focus on the implementation only; • Consider the necessary steps and stages that will be required for successful implementation of the Investment; • Identify areas of possible concern or potential pitfalls in terms of Investment implementation; and, • Explain why those areas present the greatest challenge to a successful Investment implementation.
Response	

IV.C. Describe the management team, including roles and responsibilities, that will be accountable for the oversight and implementation of this Investment, and the overall management approach they will apply for the implementation of this investment.	
Response Type	Narrative
Page Limit	Not to exceed ½ page
Response Instructions	<ul style="list-style-type: none"> • Provide the high-level skill sets (e.g., budget execution, grant administration, geospatial expert, outreach and communication liaison) that members of the management team must possess for the successful implementation and oversight of the investment. • Discuss how those skill sets fulfill the oversight and execution responsibilities for the investment, and how the management roles and responsibilities will be distributed or assigned among the management team. • Explain how the management team members will organize and work together in order to successfully manage the investment.
Response	

IV.D. Discuss funding resources beyond FY07 PSGP that have been identified and will be leveraged to support the implementation and sustainment of this investment.	
Response Type	Narrative
Page Limit	Not to exceed ½ page
Response Instructions	<ul style="list-style-type: none"> • In addition to the required cash match, discuss other funding sources (e.g., non-PSGP grant programs, public or private agreements, future fiscal year grants) that you plan on utilizing for the implementation and/or continued sustainment of this investment; • If no other funding resources have been identified beyond the required cash match, or if none are necessary, provide rationale as to why the requested FY07 PSGP funding is sufficient for the implementation and sustainment of this investment.
Response	

IV.E. Provide a high-level timeline, milestones and dates, for the implementation of this Investment. Possible areas for inclusion are: stakeholder engagement, planning, major acquisitions or purchases, training, exercises, and process/policy updates. <u>Up to 10 milestones may be provided.</u>	
Response Type	Narrative
Page Limit	Not to exceed 1 page
Response Instructions	<ul style="list-style-type: none"> • Only include major milestones that are critical to the success of the Investment; • While up to 10 milestones may be provided, applicants should only list as many milestones as necessary; • Milestones are for this discrete Investment – those that are covered by the requested FY07 PSGP funds and will be completed over the 36-month grant period; • Milestones should be kept to high-level, major tasks that will need to occur; • Identify the planned start date associated with the identified milestone. The start date should reflect the date at which the earliest action will be taken to start achieving the milestone; • Identify the planned completion date when all actions related to the milestone will be completed and overall milestone outcome is met; and, • List any relevant information that will be critical to the successful completion of the milestone (such as those examples listed in the question text above).
Response	

IV.F. Describe the planned duration for this overall Investment. Discuss your long-term sustainability plans for the investment after your FY07 PSGP funds have been expended, if applicable.	
Response Type	Narrative
Page Limit	Not to exceed ½ page
Response Instructions	<ul style="list-style-type: none"> • Give the expected total life-span for this investment if fully implemented and sustained through completion. • Consider how this Investment will be sustained and funded after FY07 PSGP funds are expended, if applicable. • Include information about resource needs (e.g., personnel, processes, and tools), as well as critical governance needs. • List critical milestones that are outside of the FY07 PSGP grant period, and how those milestones will be met with the identified funding and resources.
Response	

IV.G. Describe the technical implementation plan for this investment. Discuss the innovativeness of the solution proposed.	
Response Type	Narrative
Page Limit	Not to exceed ½ page
Response Instructions	<ul style="list-style-type: none"> • Define the vision, goals, and objectives for the risk reduction. Summarize how the proposed investment will fit into the overall effort to meet the critical infrastructure security priorities (including integration into existing security protocols). • Describe the specific needs and/or resource limitations that need to be addressed. • Identify specific equipment needs (e.g., number of facility cameras, number of security lights, amount of security fencing, etc.) and other details for training, awareness, exercises and other programs, if applicable (e.g., number of people to be trained, length of training, type of training, number of printed materials, number of agencies and staff members involved in exercise planning, execution, and review). • Describe progress made on the security project this Investment will be completing, if applicable. • Reference use of prior year grant funds, if applicable.
Response	

C. Investment Justification Submission and File Naming Convention.

Investment Justifications must be submitted with the grant application as a file attachment within grants.gov. Applicants must use the following file naming convention when submitting required documents as part of the FY07 PSGP:

- COTP Zone Abbreviation_Port Area_Name of Applicant_ IJ Number
(Example: Hous_Galveston_XYZ Oil_IJ#1)

Appendix 5 Sample Budget Detail Worksheet

OMB Approval No. 1121-0188

Purpose. The Budget Detail Worksheet may be used as a guide to assist applicants in the preparation of the budget and budget narrative. You may submit the budget and budget narrative using this form or in the format of your choice (plain sheets, your own form, or a variation of this form). However, all required information (including the budget narrative) must be provided. Any category of expense not applicable to your budget may be deleted.

A. Personnel. List each position by title and name of employee, if available. Show the annual salary rate and the percentage of time to be devoted to the project. Compensation paid for employees engaged in grant activities must be consistent with that paid for similar work within the applicant organization.

<u>Name/Position</u>	<u>Computation</u>	<u>Cost</u>
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Note: Personnel costs are only allowable for direct management and administration of the grant award, i.e., preparation of mandatory post-award reports.

TOTAL _____

B. Fringe Benefits. Fringe benefits should be based on actual known costs or an established formula. Fringe benefits are for the personnel listed in budget category (A) and only for the percentage of time devoted to the project. Fringe benefits on overtime hours are limited to FICA, Workman’s Compensation and Unemployment Compensation.

<u>Name/Position</u>	<u>Computation</u>	<u>Cost</u>
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TOTAL _____

Total Personnel & Fringe Benefits _____

C. Travel. Itemize travel expenses of project personnel by purpose (e.g., staff to training, field interviews, advisory group meeting, etc.). Show the basis of computation (e.g., six people to 3-day training at \$X airfare, \$X lodging, \$X subsistence). In training projects, travel and meals for trainees should be listed separately. Show the number of trainees and unit costs involved. Identify the location of travel, if known. Indicate source of Travel Policies applied, Applicant or Federal Travel Regulations.

<u>Purpose of Travel</u>	<u>Location</u>	<u>Item</u>	<u>Computation</u>	<u>Cost</u>
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TOTAL _____

D. Equipment. List non-expendable items that are to be purchased. Non-expendable equipment is tangible property having a useful life of more than two years. (Note: Organization’s own capitalization policy and threshold amount for classification of equipment may be used). Expendable items should be included either in the “Supplies” category or in the “Other” category. Applicants should analyze the cost benefits of purchasing versus leasing equipment, especially high cost items and those subject to rapid technical advances. Rented or leased equipment costs should be listed in the “Contractual” category. Explain how the equipment is necessary for the success of the project. Attach a narrative describing the procurement method to be used.

<u>Item</u>	<u>Computation</u>	<u>Cost</u>
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Budget Narrative: Provide a narrative budget justification for each of the budget items identified.

TOTAL _____

E. Supplies. List items by type (office supplies, postage, training materials, copying paper, and other expendable items such as books, hand held tape recorders) and show the basis for computation. (Note: Organization’s own capitalization policy and threshold amount for classification of supplies may be used). Generally, supplies include any materials that are expendable or consumed during the course of the project.

<u>Supply Items</u>	<u>Computation</u>	<u>Cost</u>
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TOTAL _____

F. Consultants/Contracts. Indicate whether applicant’s formal, written Procurement Policy or the Federal Acquisition Regulations are followed.

Consultant Fees: For each consultant enter the name, if known, service to be provided, hourly or daily fee (8-hour day), and estimated time on the project.

<u>Name of Consultant</u>	<u>Service Provided</u>	<u>Computation</u>	<u>Cost</u>
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Budget Narrative: Provide a narrative budget justification for each of the budget items identified.

Subtotal _____

Consultant Expenses: List all expenses to be paid from the grant to the individual consultant in addition to their fees (i.e., travel, meals, lodging, etc.)

<u>Item</u>	<u>Location</u>	<u>Computation</u>	<u>Cost</u>
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Budget Narrative: Provide a narrative budget justification for each of the budget items identified.

Subtotal _____

Contracts: Provide a description of the product or services to be procured by contract and an estimate of the cost. Applicants are encouraged to promote free and open competition in awarding contracts. A separate justification must be provided for sole source contracts in excess of \$100,000.

<u>Item</u>	<u>Cost</u>
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Budget Narrative: Provide a narrative budget justification for each of the budget items identified.

Subtotal _____

TOTAL _____

G. Other Costs. List items (e.g., rent, reproduction, telephone, janitorial or security services, and investigative or confidential funds) by major type and the basis of the computation. For example, provide the square footage and the cost per square foot for rent, and provide a monthly rental cost and how many months to rent.

<u>Description</u>	<u>Computation</u>	<u>Cost</u>
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Budget Narrative: Provide a narrative budget justification for each of the budget items identified.

Important Note: If applicable to the project, construction costs should be included in this section of the Budget Detail Worksheet.

TOTAL _____

H. Indirect Costs. Indirect costs are allowed only if the applicant has a Federally approved indirect cost rate. A copy of the rate approval, (a fully executed, negotiated agreement), must be attached. If the applicant does not have an approved rate, one can be requested by contacting the applicant’s cognizant Federal agency, which will review all documentation and approve a rate for the applicant organization, or if the applicant’s accounting system permits, costs may be allocated in the direct costs categories.

<u>Description</u>	<u>Computation</u>	<u>Cost</u>
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TOTAL _____

Budget Summary - When you have completed the budget worksheet, transfer the totals for each category to the spaces below. Compute the total direct costs and the total project costs. Indicate the amount of Federal funds requested and the amount of non-Federal funds that will support the project.

<u>Budget Category</u>	<u>Federal Amount</u>	<u>Non-Federal Amount</u>
A. Personnel	_____	_____
B. Fringe Benefits	_____	_____
C. Travel	_____	_____
D. Equipment	_____	_____
E. Supplies	_____	_____
F. Consultants/Contracts	_____	_____
G. Other	_____	_____
Total Direct Costs	_____	_____
H. Indirect Costs	_____	_____
TOTAL PROJECT COSTS	_____	_____
Federal Request	_____	
Non-Federal Amount		_____

Detailed Budget Submission and File Naming Convention.

The Detailed Budget must be submitted with the grant application as a file attachment within grants.gov. Applicants must use the following file naming convention when submitting required documents as part of the FY07 PSGP:

- COTP Zone Abbreviation_Port Area_Name of Applicant_IJ Number_Budget
(Example: Hous_Galveston_XYZ Oil_IJ#1_Budget)

Appendix 6

MOU/MOA Consortia or Association Guidance

A. Requirement for State or Local Agencies and for Consortia or Associations.

Entities that provide layered security to MTSA regulated facilities are eligible applicants. In addition, the layered protection provided must be addressed in the regulated entities' security plan. A copy of a Memorandum of Understanding (MOU) or a Memorandum of Agreement (MOA) between those identified entities will be required prior to funding, and must include an acknowledgement of the layered security and roles and responsibility of all entities involved. The MOU/MOA must address the following points:

- The nature of the security that the applicant agrees to supply to the regulated facility (waterside surveillance, increased screening, etc)
- The roles and responsibilities of the facility and the applicant during different MARSEC levels.
- An acknowledgement by the facility that the applicant is part of their facility security plan.

If the applicant is mentioned as a provider of layered security under the port's Area Maritime Security Plan, in lieu of an MOA/MOU, acknowledgement from the Area Maritime Security Committee (AMSC) members, or a letter from the Federal Maritime Security Coordinator validating this status, will be acceptable. *In addition, MOA/MOUs submitted in previous PSGP award rounds will be acceptable, provided the activity covered also addresses the capability being requested through the FY07 PSGP.*

B. Sample MOU/MOA Template.

**Memorandum of Understanding / Agreement
Between [provider of layered security] and [recipient of layered security]
Regarding [provider of layered security's] use of port security grant program funds**

- 1. PARTIES.** The parties to this Agreement are the [Provider of Layered Security] and the [Recipient of Layered Security].
- 2. AUTHORITY.** This Agreement is authorized under the provisions of [applicable Area Maritime Security Committee authorities and/or other authorities].
- 3. PURPOSE.** The purpose of this Agreement is to set forth terms by which [Provider of Layered Security] shall expend Port Security Grant Program project funding in providing layered security to [Recipient of Layered Security]. Under requested FY07 PSGP grant, the [Provider of Layered Security] must provide layered security to [Recipient of Layered Security] consistent with the approach described in an approved grant application.
- 4. RESPONSIBILITIES:** The security roles and responsibilities of each party are understood as follows:

<p>(1). [Recipient of Layered Security]</p> <p>Roles and responsibilities in providing its own security at each MARSEC level</p> <p>(2) [Provider of Layered Security]</p> <ul style="list-style-type: none">- An acknowledgement by the facility that the applicant is part of their facility security plan.- The nature of the security that the applicant agrees to supply to the regulated facility (waterside surveillance, increased screening, etc).- Roles and responsibilities in providing security to [Recipient of Layered Security] at each MARSEC level. <p>5. POINTS OF CONTACT. [Identify the POCs for all applicable organizations under the Agreement; including addresses and phone numbers (fax number, e-mail, or internet addresses can also be included).]</p> <p>6. OTHER PROVISIONS. Nothing in this Agreement is intended to conflict with current laws or regulations of [applicable state] or [applicable local Government]. If a term of this agreement is inconsistent with such authority, then that term shall be invalid, but the remaining terms and conditions of this agreement shall remain in full force and effect.</p> <p>7. EFFECTIVE DATE. The terms of this agreement will become effective on (EFFECTIVE DATE).</p> <p>8. MODIFICATION. This agreement may be modified upon the mutual written consent of the parties.</p> <p>9. TERMINATION. The terms of this agreement, as modified with the consent of both parties, will remain in effect until the grant end dates for an approved grant. Either party upon [NUMBER] days written notice to the other party may terminate this agreement.</p> <p>APPROVED BY:</p> <table><tr><td>_____</td><td>_____</td></tr><tr><td>Organization and Title</td><td>Signature</td></tr><tr><td>(Date)</td><td>(Date)</td></tr></table>	_____	_____	Organization and Title	Signature	(Date)	(Date)
_____	_____					
Organization and Title	Signature					
(Date)	(Date)					

C. Submitting the MOU/MOA.

If applicable, the MOU/MOA for state or local law enforcement agencies and/or consortia providing layered protection to regulated entities must be submitted with the grant application as a file attachment within [grants.gov](https://www.dhs.gov/grants.gov).

- COTP Zone Abbreviation_Port Area_Name of Applicant_MOU
(Example: Hous_Galveston_Harris County_MOU)