

London, Sarah

From: Brunette, Timothy [Timothy.Brunette@associates.fema.dhs.gov]
Sent: Friday, October 21, 2011 1:22 PM
To: Duchac, Bill
Cc: Emerson, Joseph; Diegel, Archie (CTR)
Subject: FEMA policies
Attachments: HMP 9526_1.pdf; Temp Relo 9253_3.pdf

Hi Bill,

Here's just two of the policies for your review that will be important to the State's recovery efforts. For ideas re: mitigation measures, see Appendix A of the 406 Hazard Mitigation (HM) policy as it lists measures that have been pre-determined to be cost effective even at 100% of the repair costs. However, please keep in mind funding under the 406 HM program is discretionary and even though a hazard mitigation proposal (HMP) may be cost effective, it does not mean the HMP will be automatically approved as there are other conditions/requirements placed on the HMP grant request. I do believe there are numerous opportunities for hazard mitigation at the Waterbury complex and I hope to be able inform you about the program so your organization can maximize the available funding afforded for disaster recovery under the Public Assistance program.

You may also find the policy "*Disposition of Equipment, Supplies and Salvageable Materials*" helpful in deciding how best to address the purchase or rental of equipment and furnishings as it relates to your temporary relocation efforts.
http://www.fema.gov/government/grant/pa/9525_12.shtm All of FEMA's policies can be found at
<http://www.fema.gov/government/grant/pa/9500toc.shtm> if you have an interest in further reading...

It was a pleasure to have met you and I look forward to working closely with you as we all move forward with the FEMA process. Please do not hesitate to contact me if you have any questions or concerns and I'll see you Tuesday morning at 8.

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FEMA

RECOVERY POLICY

I. TITLE: Hazard Mitigation Funding Under Section 406 (Stafford Act)

II. DATE: MAR 30 2010

III. PURPOSE:

Provide guidance on the appropriate use of hazard mitigation discretionary funding available under Section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), 42 U.S.C. 5172. This will ensure national consistency in the use of Section 406 mitigation funds and promote measures that reduce future loss to life and property, protect the federal investment in public infrastructure and ultimately, help build disaster resistant communities.

IV. SCOPE AND AUDIENCE:

This policy applies to all disasters declared after publication of this document. It is intended to guide all personnel responsible for the administration of the FEMA Public Assistance Grant Program.

V. AUTHORITY:

Section 406(e) Repair, Restoration, and Replacement of Damaged Facilities of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), 42 U.S.C. 5172 and Title 44 Code of Federal Regulations (CFR) §206.226 Restoration of damaged facilities.

VI. BACKGROUND:

A. The Robert T. Stafford Disaster Relief and Emergency Assistance Act provides FEMA the authority to fund the restoration of eligible facilities that have sustained damage due to a presidentially declared disaster. Title 44 CFR §206.226 Restoration of damaged facilities contains a provision for the consideration of funding additional measures that will enhance a facility's ability to resist similar damage in future events.

1. In providing discretionary authority for the addition of hazard mitigation measures to permanent work restoration, Congress recognized that during the repair of damaged components of facilities there would be a unique opportunity to prevent recurrence of similar damage from future, similar disaster events. Such measures are in addition to any



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measures undertaken to comply with applicable codes and standards, although such compliance, itself, could be considered a form of mitigation.

2. Section 406 hazard mitigation funding and Section 404 hazard mitigation funding are distinct. Section 406 is applied on the parts of the facility that were actually damaged by the disaster and the mitigation measure provides protection from subsequent events. The mitigation work must be cost effective and be reasonably performed as part of the work or measure which will reduce the potential for damage to a facility from a disaster event. Sometimes, a combination of Section 406 and 404 funding may be appropriate, where Section 406 hazard mitigation funding is used to provide protection to the parts of the facility that were damaged and Section 404 hazard mitigation funding is used to provide protection to the undamaged parts of the facility. In these instances, the application for Section 404 hazard mitigation funding must be submitted in a timely manner, consistent with State and local hazard mitigation plans, and approved by the State Hazard Mitigation Officer.

3. FEMA may provide discretionary hazard mitigation funding under Section 406 of the Stafford Act. FEMA, Grantee and subgrantee's interests in disaster resistance must be balanced with the supplemental nature of disaster assistance and FEMA's obligation for the prudent stewardship of Federal disaster funds.

4. Only FEMA is authorized to interpret and implement the Stafford Act and regulations issued pursuant to the Stafford Act. Accordingly, only FEMA has the authority to determine which hazard mitigation measures it will fund. The Stafford Act and applicable regulations do not authorize State or local building officials or agencies to determine the amount of hazard mitigation funding FEMA will contribute to a project.

VII. POLICY:

A. Section 406 provides discretionary authority to fund mitigation measures in conjunction with the repair of the disaster-damaged facilities. These opportunities usually present themselves during the repair efforts. The mitigation measures must be related to eligible disaster-related damages and must directly reduce the potential of future, similar disaster damages to the eligible facility. Normally, this work is performed on the parts of the facility that were actually damaged by the disaster. In some instances, an eligible mitigation measure may not be an integral part of the damaged facility. FEMA will consider these exceptions on a case-by-case basis.



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B. Mitigation measures must be determined to be cost effective. Any one of the following means may be used to determine cost-effectiveness:

1. Mitigation measures may amount to up to 15% of the total eligible cost of the eligible repair work on a particular project.
2. Certain mitigation measures (see Appendix A) determined cost effective, as long as the mitigation measure does not exceed 100% of the eligible cost of the eligible repair work on the project.
3. For measures that exceed the above costs, the Grantee or subgrantee must demonstrate through an acceptable benefit/cost analysis methodology that the measure is cost effective. FEMA's Benefit Cost Analysis (BCA) software provides appropriate benefit/cost analysis methodologies. Public Assistance personnel can obtain the software from FEMA by downloading the software from <http://www.bchelpine.com>. If you need technical assistance with the FEMA BCA tools please contact the BCA helpline via e-mail (bchelpine@dhs.gov) or by calling 1-866-222-3580. The benefit/cost analysis will be based on a comparison of the total project cost to the total cost of the following projected benefits: 1) damage to the facility and its damaged contents, 2) emergency protective measures required as a result of that damage, 3) temporary facilities required due to the damage, 4) loss of function, 5) casualty (loss of life and injury), and 6) cost avoidance (damages avoided in the future due to mitigation measures).

C. If a facility has Section 406 hazard mitigation funding included in the approved scope of work (SOW) and the subgrantee wishes to restore the facility to its pre-disaster condition and function without the Section 406 hazard mitigation SOW, then the subgrantee must request a change of SOW prior to completion of the project. Section 406 hazard mitigation funds must be de-obligated when the subgrantee does not use the funds as approved in the SOW.

D. FEMA must approve proposed hazard mitigation projects prior to funding. FEMA will evaluate the proposed hazard mitigation projects for cost effectiveness, technical feasibility, and compliance with statutory, regulatory and executive order requirements. In addition, FEMA will ensure that the proposed hazard mitigation projects do not cause a negative impact to the facility's operation, surrounding areas, or susceptibility to damage from another hazard.

E. The cost of meeting applicable codes/standards in accordance with 44 CFR §206.226(d) Restoration of damaged facilities, *Standards* and minimum National Flood Insurance Program requirements are regulatory requirements that are distinct from hazard mitigation. Funding for these costs is considered separately.



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E. When the cost of proposed replacement material for a damaged component is more than the original material, the proposed material must be shown to be cost effective.

G. There may be no duplication in hazard mitigation funding between Sections 404 and 406. Therefore, the Grantee and subgrantee must be able to identify specific hazard mitigation work that will be accomplished with funding through Section 406. Section 404 funding may not duplicate that work, although Section 404 may be additive and accomplished on Section 406 facilities. The appropriate split on a project between funds under Sections 404 and 406 is a FEMA decision. Sections 404 and 406 funding cannot be used to meet the non-federal cost share of the other grant.

H. Funds recommended for mitigation measures may be approved for an improved project if the original facility and its function will be restored and the mitigation work is still needed, is technically feasible, and will be performed as part of the overall project. Facilities eligible for replacement under 44 CFR 206.226(f) **Restoration of damaged facilities. Repair vs. replacement** are not eligible for mitigation measures.

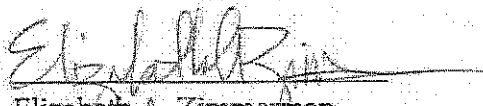
1. If mitigation measures are approved for the repair of a disaster-damaged facility and the subgrantee requests an improved project which will instead involve the replacement of the facility, on the same site or an alternate site, the cost of the mitigation measures is not eligible.

2. The cost of mitigation measures approved under Section 406 for the repair of a facility may not be applied towards an Alternate Project.

VIII. RESPONSIBLE OFFICE: Recovery Directorate (Public Assistance Division).

IX. SUPERSESSION: This policy supersedes DAP9526.1, *Hazard Mitigation Funding Under Section 406 (Stafford Act)*, dated July 30, 2007, and all previous guidance on this subject.

X. REVIEW DATE: This policy does not automatically expire, but will be reviewed 3 years from the date of publication.


Elizabeth A. Zimmerman
Assistant Administrator
Recovery Directorate



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Appendix A

POTENTIAL MITIGATION MEASURES THAT ARE PRE-DETERMINED TO BE COST EFFECTIVE

The following potential mitigation measures (reference: paragraph VII.B.2) are determined to be cost-effective if they:

- do not exceed 100% of project cost,
- are appropriate to the disaster damage,
- will prevent future similar damage,
- are directly related to the eligible damaged elements,
- do not increase risks or cause adverse effects to the property or elsewhere,
- are technically feasible for the hazard and location, and
- otherwise meet requirements stipulated in this policy, including environmental, historic, and mitigation planning considerations.

This list will continue to be evaluated and will evolve over time as new information becomes available.

A. Drainage/crossings and bridges

1. Drainage structures - When drainage structures are destroyed, replacing the structure with multiple structures or a larger structure. Sizing of replacement culverts can be made using in-place state/local drainage criteria (nomographs). However, structures need to be considered with regard to a total drainage system and should not be upgraded without a watershed hydrology study with an emphasis on downstream effects and NFIP regulations.

2. Culverts - Where the alignment of culverts is inconsistent with streams flowing through them (because it has been blown-out), realign or relocate the culverts to improve hydraulics and minimize erosion. However, realignment of structures must be considered in regard to a total drainage system and shall not be replaced without a hydrology study with an emphasis on downstream erosion effects.

3. Headwalls and wing walls - Installation to control erosion.

4. Low-water crossings - When bridges are destroyed and where traffic counts are low, replacing bridges with carefully placed low-water crossings.



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5. Gabion baskets, riprap, sheet-piling, and geotextile fabric installation - Installation to control erosion.

6. Roadways - Where roadways shoulders are damaged by overflow from adjacent water courses, stabilize shoulders and embankments with geotextile fabric.

7. Restraining cables on bridges - Installation of cables to restrain a bridge from being knocked off piers or abutments during floods or earthquakes. Also, where bridges have been damaged or destroyed when girders, beams and decking system are displaced by storm surges or earthquakes, install girder and deck uplift tie-downs to prevent their displacement from the substructure.

B. Sanitary and storm sewer systems

1. Access covers - When feasible, access covers can be elevated to the hydraulic grade line. There are a number of devices that prevent infiltration into access holes.

2. Sewer lines - Repair, lining or encasement of damaged sections to prevent infiltration or structural collapse.

3. Pump stations -

a. Equipment or controls in a pump station that are subject to damage from the 100-year flood can be elevated. Pump station buildings can be dry flood-proofed.

b. Installation of camlocks, transfer switches, and electrical panels to facilitate the connection of portable emergency generators.

c. Pump stations - If pumps and their attached motors are damaged by storm water inundation, replace them with submersible or inline pumps as appropriate.

d. Pump stations - If pump station equipment is damaged as a result of inundation resulting from power failure, install switches, circuit isolation and/quick connect capability to facilitate rapid connection of backup power.



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C. Wastewater treatment plants

1. Elevation of equipment and controls that can be elevated easily.
2. Dry or wet flood-proofing of buildings.

D. Potable water

1. Well systems -

a. Reduction of infiltration and subsequent contamination of the aquifer. Methods include casing the well or raising the elevation of the well head.

b. Elevation of controls, mechanical equipment, or electrical service associated with use of the well to protect them from flood damage.

2. Raw water intakes - Buttressing to prevent damage from erosion, scour and flood debris.

3. Water treatment plants -

a. Elevation of equipment and controls that can be elevated easily.

b. Dry flood-proofing.

E. Electric power distribution

1. Pad-mounted transformers - elevating above the base flood elevation.

2. Using multiple poles to support transformers.

3. Anchoring or otherwise protecting fuel tanks from movement in a disaster.

4. Replacing damaged poles with higher-rated poles, of the same or different material such as replacing wood poles with precast concrete or steel.

5. Adding guy wire or additional support to power lines.



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6. Removing large diameter lines from poles.
7. Providing looped distribution service or other redundancies in the electrical service to critical facilities.

F. Above ground storage tanks

1. Strengthening or stiffening base connections.
2. Installation of self-initiating disconnects and shut-off valves between tanks and distribution lines to minimize damage and leaks.

G. Underground pipelines - Installation of shut-off valves so that damaged sections of pipeline can be isolated.

Buildings - General:

A. General effects of flood damage -

1. Buildings substantially damaged under NFIP regulations - Repair, dry flood-proofing, or elevation so they are protected to meet minimum NFIP regulations. If the building is replaced, rather than repaired, minimum NFIP requirements are generally in place as codes and standards in participating communities and are applicable in both repair and replacement situations. Section 406 mitigation should be considered in those cases where the standards either fall short or provide no protection against other hazards.

2. Buildings not substantially damaged under NFIP regulations - If technically feasible, dry flood-proofing. Electrical panels, machinery rooms, emergency generators can be elevated above the BFE or dry flood-proofed. If dry flood-proofing is not feasible, these buildings should be wet flood-proofed.

B. Roofs - Because the failure of a roof covering can lead to extensive damage to contents and operation, damaged roofing should be evaluated to determine cause of failure.

1. Low slope roofs - Replacement of the entire roof with a roof covering with a secondary membrane and a fully adhered roof covering, such as modified bitumen. Mechanically fastened insulation or membranes are not acceptable.



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2. Roof-mounted equipment should be attached to a foundation that will resist expected wind forces.

3. Hurricane clips - Hurricane clips for use in high-wind areas.

4. Roofs - When roof damages are due to wind pressure beneath soffits and overhangs, strengthen the soffit and overhang material and means of attachment to prevent wind pressure adversely affecting the roofing system.

5. Roofs - When there is roof system damage or water intrusion due to damage to roof opening such as hatches and skylights strengthen the openings or the windows to avoid future damage.

6. Roofs - For gable roofs damaged by wind, replace the gable end-framing with hipped roof framing to reduce wind forces (lower edge pressure; reduced projected wind area) and strengthen the roof framing.

C. Shutters - In areas subject to hurricane winds, shutters are appropriate in the following areas:

1. All damaged windows on critical facilities such as hospitals.

2. The lower floors of buildings with damaged windows most likely to be struck by debris.

3. Damaged windows of buildings with very high value contents that can be damaged by water (such as libraries and document centers).

4. Damaged windows of buildings subject to debris from nearby ballasted roofs, metal buildings, manufactured homes or other structures likely to fail and result in debris.

D. Anchoring -

1. Anchoring of mechanical and electrical equipment in critical facilities.

2. For small ancillary buildings that have sustained damage and/or have caused damage to other facilities, anchor the buildings to foundations to prevent toppling or becoming missile hazards.



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E. Flexible piping - Installation of flexible piping at pipe/conduit connections to equipment to accommodate expected movement in an earthquake.

F. Bracing -

1. Bracing of large diameter pipes and electrical lines to meet seismic loads.
2. Bracing non-structural interior walls and partitions.
3. Bracing parapets, anchoring veneer or cladding, and bracing other non-structural elements that could collapse and cause injury or block safe exit of a building during an earthquake.

G. Replacement of glass - Replacement of glass with impact-resistant material.

H. General Buildings -

1. Buildings - Where spread footings have been undercut by scour, underpin footings.
2. Siding - if siding has been damaged by wind, replace with a stronger siding with stronger attachments to the wall sheathing and structure.
3. Venting - Where there has been water damage caused by water intrusion through venting systems, replace the vents with rain and water resistant vents.

I. Doors and Windows -

1. Where damage has resulted from wind and water intrusion around weather stripping on doors and/or windows, upgrade the weather stripping to prevent water infiltration.
2. Where damage has been caused by wind-induced failure of doors, replace the doors with stronger units. This applies to the door frame, door, hinges and lock hardware. Both entry and garage doors should be considered.



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J. Miscellaneous Structures –

1. Marine Piers – If marine pier ramps that attach to decking have been damaged by storm-surge uplift and buoyancy, install open decking or floating decking with uplift-resistant tie-downs and fasteners.
2. Signage – If sign panels and their supports have failed, replace with a stronger type of system of supports and panels. Consider using multiple support posts and stronger panels and fasteners.
3. Gutters and Downspouts – If damaged by either wind and/or water, upgrade the gutter and downspout system to direct water away from the structure to prevent interior or basement water damage.

Elizabeth A. Zimmerman
Assistant Administrator
Recovery Directorate



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RECOVERY POLICY

RP9523.3

I. TITLE: **Provision of Temporary Relocation Facilities**

II. DATE: December 14, 2010

III. PURPOSE:

This policy provides guidance on determining eligibility for and duration of a temporary facility under the FEMA Public Assistance Program.

IV. SCOPE AND AUDIENCE:

This policy is applicable to all major disasters and emergencies declared on or after the date of its publication. It is intended for personnel involved in the administration of the Public Assistance Program.

V. AUTHORITY:

Section 403 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), 42 U.S.C. 5170b, and implementing regulations of 44 CFR parts 206.

VI. BACKGROUND:

As a result of major disasters and emergencies, services provided at public and private nonprofit (PNP) facilities may be disrupted to the extent that they cannot continue unless they are temporarily relocated to another facility. Applicants may request temporary facilities to continue that service.

Section 403 of the Stafford Act authorizes FEMA to provide Federal assistance to meet immediate threats to life and property resulting from a major disaster. Specifically, Section 403 (a)(3)(D) allows for the provision of temporary facilities for schools and other essential community services, when it is related to saving lives and protecting and preserving property or public health and safety.

VII. POLICY:

A. Eligibility: Eligible applicants can be State, local or Tribal governments, or PNP organizations or institutions which provide essential community services. Essential community services are those services performed by governmental entities or PNPs, which are necessary to save lives, or to protect and preserve property or public health and safety.



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1. Eligible public facilities include facilities for police, fire protection/emergency services, medical care, education, libraries, utilities and other essential community services. State or local government administrative and support facilities essential to the operation of such facilities are also eligible.

2. PNP facilities eligible for temporary facilities include: fire protection/emergency services, medical care, education, utilities, child care facilities, alcohol and drug rehabilitation facilities, custodial care, homeless shelters, libraries and other facilities that provide health and safety services of a governmental nature. Ancillary facilities may also be eligible, such as administration buildings and hospital laundry facilities.

3. Facilities ineligible for temporary facilities include museums, zoos, community centers, shelter workshops, and performing arts centers. These facilities are ineligible for funding because disruption of service at these facilities will not result in an increased threat to life and property, or public health and safety. In addition, recreation and parking facilities, athletic stadiums, research and warehouse facilities, and student union buildings are not considered to provide essential community services, and therefore are not eligible.

4. If an applicant has a facility that does not meet the eligibility requirements for a temporary facility, Public Assistance may reimburse for temporary space to store and protect property if the facility's damage is to such an extent that the contents of the facility are at risk. The temporary storage space is limited to an area necessary to house the contents. This space is not intended for public access, alternate office space, exhibits, or other purposes; it is solely for storage. The temporary storage space is limited by the time needed to complete the permanent work required for repair/replacement of the damaged facility. FEMA is not responsible for any damage which may occur to the contents in temporary storage. The applicant should insure the contents of its temporary storage space.

B. Basis for Temporary Facilities: The following should be considered when determining eligibility for a temporary facility:

1. If the facility was damaged by the disaster, but can be used if emergency protective measures or minor repairs can be performed quickly, a temporary facility may not be necessary.

2. If the facility was damaged by the disaster to the extent that it cannot be occupied safely, and restoration cannot be completed without suspending operations of the facility for an unacceptable period of time, then a temporary facility may be needed. This may be necessary during either repair or replacement of the damaged facility.



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3. If the facility was not damaged by the disaster but lacks a critical utility or operational item (such as potable water, electricity, or road access) and a temporary facility would restore services to the community more quickly than awaiting restoration of the disrupted vital utility at the current site, then a temporary facility may be necessary.

4. The capacity of temporary facilities must not exceed the pre-disaster capacity of the facility that housed the displaced services.

C. Time Limitations for Temporary Facilities:

1. The period of time for which temporary facility assistance may be provided is usually six months, based on the regulatory time limitation for the completion of emergency work (44 CFR § 206.204 (c)(1)) **Deadlines**. However, the time period provided in the initial Project Worksheet (PW) for completion of eligible permanent work may be longer and, where appropriate, the time limitations for temporary facility assistance will be established according to the particular requirements of the restoration project.

2. FEMA may provide a time estimate of no more than 12 months in the initial PW's scope of work prepared for the temporary facility.

3. Applicants should submit requests for time extensions through the Governor's Authorized Representative (GAR) for FEMA approval. Consistent with the requirements of 44 CFR § 206.204(c)(2)(ii) and (d), the GAR may recommend to the FEMA Regional Administrator a time extension of the project completion deadline based on information provided by the applicant, that is: 1) circumstances beyond the control of the applicant that prevented the completion of the reconstruction project within the initial time limit, 2) status of permanent restorative work (work completed and work to be completed), and 3) revised timeline for project completion. FEMA may not grant extensions without the above documentation.

Generally, in order for FEMA to consider an extension, construction must have begun within 12 months of the date of the major disaster declaration. FEMA may grant extensions in situations where, because of circumstances beyond the control of the applicant, construction did not begin within 12 months of the date of declaration.

4. With the proper documentation, FEMA may grant extensions for the projected duration of the construction work, based upon industry standards (e.g., from R.S. Means or equivalent source), and a revision should be made to the initial scope of work that funded the temporary facility.



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D. Applicant's Options for Temporary Facilities:

Applicants may lease, purchase, or construct eligible temporary facilities. Applicants must use the selected facility to provide the eligible function to the same extent and manner as it was provided prior to the major disaster or emergency. Whichever option is selected, it must be reasonable, cost-effective, and temporary in nature. FEMA will not mandate that the applicant pursue a specific option for a temporary facility, but FEMA will fund only the most cost effective option. FEMA will not fund utilities (power, water, heat, etc.), maintenance, or operating costs, nor will FEMA fund the differential should these costs increase. FEMA will use the following considerations in making a determination on whether to fund a temporary facility.

1. Cost Comparison. Based on the preferred alternative, the applicant must supply FEMA with information sufficiently detailed so that a cost comparison can be made by FEMA. This information should consist of at least three proposals that include cost estimates. FEMA will review the estimates and perform a cost comparison to identify the most cost-effective option.

2. Renting/Leasing Option. When it is the most-cost effective option, the Applicant can receive Federal disaster assistance from FEMA for the rent of a temporary facility during the eligible time period.

3. Purchase/Construction Option. Costs associated with the purchase/construction of a facility to which an applicant will temporarily relocate may be eligible for FEMA assistance if FEMA confirms that it is the most cost-effective option.

a. With the exception of modular or manufactured units, all proposed purchase/construction options should be submitted in advance to the Assistant Administrator of the Recovery Directorate for review and approval. Before approving a proposal, FEMA may determine whether it is in the best interest of the federal government to impose conditions on the applicant's use and/or disposition of the facility.

b. Pursuant to 44 CFR Part 13.31 (c)(1) and (2) and Office of Management and Budget Circular A-110, FEMA must be compensated when the authorized temporary relocation time period has ended or the facility is no longer needed by the applicant for the authorized temporary relocation purpose (i.e., the approved scope of work), whichever occurs first. The Applicant may choose to retain the title of the facility or sell it.

1. Whether an Applicant chooses to retain the title of the facility or sell it, as a general rule, if FEMA has paid only a portion of the cost of the facility, FEMA shall be entitled to



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compensation in an amount equal to FEMA's proportionate equity in the facility. The amount due FEMA will be computed by applying FEMA's percentage of participation in the cost of the purchase/construction to the fair market value or sale proceeds taking into consideration reasonable out-of-pocket costs related to the sale. If an Applicant chooses to dispose real property acquired with Federal funding provided by FEMA and acquires replacement real property under the same funding, the net proceeds of the sale may be used to offset the cost of the replacement property.

E. Insurance:

1. FEMA requires an Applicant to maintain insurance for any insurable temporary facility, either purchased, leased (as appropriate) or built, for which Federal funding is provided. This is also applicable to insurable contents. This is the applicant's responsibility and is not a reimbursable expense under FEMA guidelines.

2. Some insurance policies provide funds for temporary relocation. FEMA will make appropriate adjustments to the PW to reflect the applicant's insurance coverage; thus ensuring that there is no duplication of benefit.

F. Eligible and Ineligible Costs

1. Relocation costs. These are costs associated with the transfer of the eligible pre-disaster service, including equipment and supplies, and costs for necessary modifications to the temporary facility. The allowable costs associated with the provision of temporary facilities include:

a. Reasonable alterations of the temporary facility if they are required to make the space functional and meet the pre-disaster needs of the applicant.

b. Moving expenses to and from the temporary facility.

c. If an applicant uses force account labor and/or equipment to relocate to a temporary facility, the eligibility for straight and overtime labor costs and equipment costs are based on the provisions of 44 CFR § 206.228) **Allowable Costs for emergency work.**

d. Minimal life safety or other building upgrades required by an applicable State or local code or standard in effect at the time the temporary facility is acquired (by purchase or lease). For example, a "change in use" could trigger the need for such work.



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2. Alternate Projects. Applicants may not apply funds approved for temporary facilities to an alternate project defined by 44 CFR § 206.203(d) (2) **Federal Grant Assistance**. Once an Applicant decides to pursue an alternate project, additional funding for temporary relocation facilities is not eligible. FEMA will not reduce or de-obligate funding for the cost of temporary relocation facilities incurred prior to the date on which the applicant requests an alternate project.

3. Improved Projects. For improved projects [CFR § 206.203(d) (1)] **Federal Grant Assistance**, temporary facilities are eligible; however, there are funding limitations. If an applicant chooses to incorporate improvements into the repair of disaster damages or to expand the pre-disaster capacity of a damaged facility, a temporary facility is eligible only during the time estimated as necessary to perform the approved scope of repair or replacement work. Funding of a temporary facility will not be based on the total amount of time necessary to complete the improved project.

4. Increase in Rental Costs. Applicants that perform essential services in leased facilities may have to temporarily relocate to another leased facility as a result of the major disaster or emergency. FEMA considers the pre-disaster rental cost a fixed commitment made by the applicant before the disaster and the increase in rental costs a direct result of the disaster, thus, the differential is eligible for FEMA assistance, subject to eligibility requirements in Section VII A and B above.

VIII. ORIGINATING OFFICE: Recovery Directorate (Public Assistance Division)

IX. **SUPERSESSION:** This policy supersedes Recovery Policy 9523.3, "*Provision of Temporary Relocation Facilities*" dated July 16, 1998, and any other previous guidance on this issue.

X. **REVIEW DATE:** This policy does not automatically expire, but will be reviewed three years from date of publication.

//signed//

Deborah Ingram
Acting Assistant Administrator
Recovery Directorate

**FEMA****RECOVERY**

FACT SHEET

RP9580.102

PERMANENT RELOCATION

Overview

Title 44 CFR §206.226(g) authorizes the Regional Administrator to, "approve funding for and require restoration of a damaged or destroyed facility at a new location when (i) the facility is and will be subject to repetitive heavy damage; (ii) the approval is not barred by other provisions of Title 44 CFR; and (iii) the overall project, including all costs, is cost effective." When relocation is required by the Regional Administrator, eligible work includes land acquisition and the construction of ancillary facilities such as roads and utilities, in addition to work normally eligible as part of a facility reconstruction. Demolition and removal of the old facility may also be an eligible cost if deemed necessary. When the Regional Administrator approves the permanent relocation of a damaged or destroyed facility, FEMA will not provide future funding for repair or replacement of a facility at the original site, unless the facility facilitates an open space use in accordance with 44 CFR Part 9.

Questions & Answers (Q&A)

1. When FEMA approves the permanent relocation of a damaged or destroyed facility, can the applicant sell the land on which the damaged or destroyed facility was originally located?

Yes. However, in accordance with 44 CFR §206.226(g)(3), FEMA will not provide any future funding for repair or replacement of any facility at the original site. An exception is for a facility which facilitates an open space in accordance with 44 CFR Part 9. Applicants should inform the purchaser of the property of the regulatory restrictions associated with future funding at the original site.

2. Does FEMA provide funding to acquire new land and construct ancillary facilities such as road and utilities necessary to make the relocated facility operational?

Yes. FEMA may provide funding to an applicant to acquire land outside of a hazardous area. However, FEMA will limit funding for the land acquisition to the amount necessary to make the relocated facility and its associated components operational, and cost effective. For example, if the facility being permanently relocated was located on 10 acres of land at the time of the disaster, FEMA may provide less than 10 acres of land at the new site location if FEMA determines that 10 acres of land is not required to make the facility and its components operational.

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Additionally, FEMA may fund the construction of ancillary facilities within the boundaries of the eligible relocation site. Ancillary facilities include, but are not limited to roads, parking lots, sidewalks and utilities necessary to make the relocated facility operational. The new site should be in proximity to necessary water, sewer, or electrical services to make the facility operational. The cost of the new land plus ancillary cost should be minimized to the extent practicable. For example, the cost of running off-site utility hookup will be compared to providing on-site wells or sewer treatment facilities and the lowest cost solution will be provided. Any off-site ancillary cost will be limited to utilities that serve the applicant exclusively. The cost of utilities that serve the general public is not eligible. Similar to limitations placed on land acquisition, FEMA will limit funding for construction of the relocated facility and ancillary facilities to the amount necessary to make it operational.

3. If the applicant owns the facility, but does not own the land on which the facility is situated, will FEMA provide funding to acquire new land and ancillary facilities?

No. In situations where the applicant owns the building but not the land or the ancillary facilities, FEMA will only provide funding for the cost of constructing the new facility. The cost to purchase the land or build ancillary facilities is not eligible.

4. Will FEMA reduce the amount of funding for the relocated facility if the applicant sells the original property?

Yes. While the subgrant is open, FEMA will reduce the grant for the relocated facility by the net proceeds from the disposition of property. While the applicant's proceeds derived from the sale of the buildings, ancillary structures, or land on which the damaged or destroyed facility was originally located will not impact the funding of the reconstruction of the actual damaged or destroyed facility at the new site, it will offset the permanent relocation costs associated with land acquisition and the construction of ancillary facilities such as roads and utilities. This is in recognition of the fact that the ancillary facilities at the original location have a real monetary value, which is included in the sale price of the damaged or destroyed facility's property.

For example, if FEMA provides \$400,000 to acquire new land and construct the ancillary facilities necessary to make the relocated facility operational (not including construction costs of the actual facility itself) and, the applicant sells the land on which the damaged or destroyed facility was originally located for \$750,000, FEMA will deduct \$400,000 from the final project cost.

The sale price of the property must be reasonable. Selling the property below market value while receiving full value for the new location would result in a net profit for the applicant. If the applicant sells the property at less than a fair and reasonable price, FEMA reserves the right to offset the full market value against the cost of the new property. If the applicant leases the original property,

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FEMA will reduce the grant by the amount of rent the Applicant collects up to the purchase price of the acquired land during the time the project is open.

5. Does FEMA consider the potential proceeds from the sale of the land in the benefit-cost analysis to determine if the relocated project is cost effective?

No. FEMA does not use the value of the land at the original site to determine if the relocated facility is cost effective.

6. If the land for the new location of the damaged or destroyed facility is owned by the applicant, or donated by a third-party, will FEMA reduce its grant if the applicant sells the land on which the damaged or destroyed facility was originally located?

Yes. Costs associated with the construction of ancillary facilities (roads, utilities, etc.) necessary to make the relocated facility operational (not including construction costs of the actual facility itself) would be reduced by the proceeds of the sale up to the full cost of the ancillary facilities.

For example, if FEMA provides \$100,000 to construct ancillary facilities on the donated property to make the relocated facility operational and the applicant sells the land on which the damaged or destroyed facility was originally located for \$750,000, FEMA will deduct \$100,000 from the eligible cost of the relocated property. As noted above in Question 4, the sale of the property will not affect the funding of the reconstruction of the actual damaged or destroyed facility at the new site; it will only affect the costs associated with land acquisition and the construction of ancillary facilities.

7. If the Regional Administrator does not require the damaged or destroyed facility to be relocated, but the applicant chooses to construct a new facility at a different location, is the acquisition of new land and construction of ancillary facilities still eligible for reimbursement?

No. Relocation of a facility must be required by the Regional Administrator. The applicant can request an improved project (44 CFR §206.223(d)(1)) for the facility to be built at a different location, but the grant will not cover any cost for land acquisition, ancillary facilities, or demolition and removal of the old facility.

8. If the applicant decides for historical or other reasons to make substantial improvements to a damaged or destroyed facility that is located in a special flood hazard zone, will FEMA provide funding for the repairs?

Yes. The applicant must comply with the community's floodplain management ordinance. The cost to comply with the floodplain management ordinance is eligible for reimbursement up to the replacement cost of the facility.

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9. How does FEMA determine the cost effectiveness of a relocated project?

When the cost to relocate a facility is greater than the cost to repair the facility in its original location, cost effectiveness is determined by comparing the increased cost of relocation to the benefits derived from relocating the facility. This comparison can be accomplished using the FEMA-approved Benefit Cost Analysis (BCA) methodology and tool. The Regional Administrator may approve an alternative methodology on a case-by-case basis.



Elizabeth A. Zimmerman
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Recovery Directorate

4/14/10

Date