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I. Purpose

FEMA will provide Pre-Disaster Mitigation (PDM) funds to assist States and communities to reach a higher level of risk management and risk reduction through hazard mitigation planning and the implementation of mitigation projects and activities prior to a disaster event. Funds will be used to implement a sustained pre-disaster natural hazard mitigation program to reduce overall risk to the population and structures, while also reducing reliance on funding from actual disaster declarations. The PDM program provides a significant opportunity to raise risk awareness and to reduce the Nation's disaster losses through pre-disaster mitigation planning and the implementation of planned, pre-identified, cost-effective mitigation measures. For Fiscal Year (FY) 2003, funds will be awarded on a competitive basis with a National priority on funding mitigation projects that address National Flood Insurance Program (NFIP) repetitive flood loss properties.

Purpose.
FEMA will provide Pre-Disaster Mitigation (PDM) funds to assist States and communities to reach a higher level of risk management and risk reduction through hazard mitigation planning and mitigation construction projects prior to a disaster event.

II. Appropriation

$150 million was provided for the PDM grant program under Consolidated Appropriations Resolution, 2003 (Public Law 108-7). In general, grants are to be awarded on a competitive basis and without reference to State allocations, quotas, or other formula-based allocation of funds. Funds should be used primarily to fund mitigation activities that address natural hazards, but multi-hazard projects and plans also may address hazards caused by non-natural events.

From the $150 million FY 2003 appropriation for the PDM program, $975,000 was rescinded by a general provision in the law that directs every program, project, and activity be reduced by 0.65 percent. FEMA made available $250,000 ($248,375 after rescission) to each of the fifty States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, and American Samoa for State and local hazard mitigation planning. A Notice of Funding Availability for the PDM planning grants was published in the Federal Register on March 3, 2003, and the application period closed on April 30, 2003. $3.6 million of PDM funds will be available through separate notice as Disaster Resistant University (DRU) grants for pre-disaster mitigation activities that benefit universities. Approximately $131.5 million is available for PDM competitive grants, technical assistance and program support.

Appropriation.
FEMA made available $250K planning grants to States and five other recognized entities for a total allocation of $13.75M. The Disaster Resistant University program will receive $3.6M through separate notice. The remaining funds will be available for competitive pre-disaster mitigation grants, technical assistance, and program support for PDM.

III. Authorities

A. Pre-Disaster Mitigation Program

The PDM program was authorized by §203 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act), 42 U.S.C. 5133, as amended by §102 of the Disaster Mitigation Act of 2000 (DMA), to provide technical and financial assistance to States and local governments, including Indian Tribal governments, to assist in the implementation of pre-disaster hazard mitigation measures that are cost-effective and are designed to reduce injuries, loss of life, and damage and destruction of property, including damage to critical services and facilities under the jurisdiction of the States or local governments. The DMA emphasizes the importance of strong State and local planning and comprehensive program management at the State level.

B. Planning Requirements

44 Code of Federal Regulations (CFR) Part 201, Hazard Mitigation Planning, establishes the following criteria for state and local hazard mitigation planning authorized by §322 of the Stafford Act, as amended by §104 of the DMA.

Local Plans

After November 1, 2003, FEMA-approved local mitigation plans will be required as a condition of receiving PDM grants for local mitigation project grants. A local government not having a plan in place by that date will not be eligible to receive project grants funded under the FY 2004 PDM appropriations. FEMA is in the process of clarifying language to reflect that local mitigation plans are not required for project grants awarded with FY 2003 PDM funds, which were made available for competition as of the July 7, 2003, Notice of Funds Availability.

State Plans

After November 1, 2004, a FEMA-approved Standard State mitigation plan will be required as a condition of receiving PDM project grants for State and local mitigation activities. The Standard State Mitigation Plan also will be required for non-emergency assistance provided under the Stafford Act following a presidentially declared disaster, including Public Assistance restoration of damaged facilities (Categories C through G) and Hazard Mitigation Grant Program funding.

Currently, any State with a FEMA-approved Enhanced State mitigation plan at the time of a disaster declaration is eligible to receive increased funds under the Hazard Mitigation Grant Program, based on 20 percent of the total estimated eligible Stafford Act assistance. Therefore, the development of State and local multi-hazard mitigation plans is key to maintaining eligibility for future FEMA funding.

IV. National Priority for FY 2003

National Priority. For FY 2003, the National priority is funding mitigation projects that address NFIP repetitive flood loss properties.

For FY 2003, FEMA has established a National priority to fund mitigation projects that address NFIP repetitive flood loss properties. More specifically, the emphasis is on addressing repetitive flood loss properties identified in the Pilot NFIP Repetitive Loss Properties List. A list of these properties for each State will be provided in electronic format under separate cover for the specific purpose of supporting mitigation of these structures.

When this information regarding repetitive loss properties is provided to States, Regions should notify States in writing that the records relating to individuals and individual properties are being made available through the FEMA routine use policy for the sole purpose of mitigation, that the records are protected pursuant to the Privacy Act of 1974, 5 U.S.C. 552a, and that records should not be publicly disclosed. FEMA shares this information at its discretion and may choose not to provide this information to States and communities in the future if it finds that unauthorized uses of this information have been made.

Individuals may seek access to their own information from States and communities, such as whether their property address is on the Pilot NFIP Repetitive Loss Properties List. Each State should check with the appropriate authority for information about applicable State public records acts or privacy laws that may affect the disclosure and use of repetitive loss data.

By focusing on the mitigation of NFIP repetitive flood loss properties through acquisition, relocation, elevation, floodproofing, and minor structural projects that save lives and protect property, communities and their residents will be safer from flood hazards. In addition, fewer families will lose wages and fewer businesses will suffer reduced profits as a result of flooding. Therefore, States are encouraged to make NFIP repetitive flood loss properties a State priority in their State rankings of the sub-applications (see Section VIII.B. Content of Grant Application).

V. Eligibility

A. Eligible Applicants

Only the State emergency management agencies or a similar office (i.e., the office that has emergency management responsibility) of the State, the District of Columbia, the U.S. Virgin Islands, the Commonwealth of Puerto Rico, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, as well as Federally recognized Indian Tribal governments are eligible to apply to FEMA for assistance as Applicants under this program.
Each State shall designate one Applicant.

In keeping with the intent of FEMA's overall policy, "Government-to-Government Relations with American Indian and Alaska Native Tribal Governments," published in the January 12, 1999, issue of the Federal Register, Federally recognized Indian Tribal governments may choose to apply for PDM grants either through the State as a Sub-applicant or directly to FEMA as an Applicant. (This choice is independent of a designation under other FEMA grants and programs.) Some State regulations prohibit the State from acting as an Applicant for an Indian Tribe. In such cases, or if the Tribe chooses, the Tribal government may act as its own Applicant. In these cases, the Tribal government assumes the full responsibilities of a Grantee for the purposes of administering the grant, if awarded. FEMA has determined that the unique status of Indian Tribal governments justifies providing them the option to apply directly to FEMA. However, when legally permitted, Tribal governments should be encouraged to continue existing relationships with the State.

Applicant Eligibility.
Only the State emergency management agencies or a similar office of

- State
- District of Columbia
- U.S. Virgin Islands
- Commonwealth of Puerto Rico
- Guam
- American Samoa
- Commonwealth of the Northern Mariana Islands
- Federally recognized Indian Tribal governments

B. Eligible Sub-applicants

The following entities are eligible to apply to the Applicant for assistance: state-level agencies other than the state emergency management agency; Federally recognized Indian Tribal governments; and local governments to include State recognized Indian Tribes, authorized Tribal organizations, and Alaska Native villages. Private non-profit organizations are not eligible Sub-applicants but may ask their local government to submit an application on their behalf.

Sub-applicant Eligibility.

- Other state-level agencies
- Federally recognized Indian Tribal governments
- Local governments

C. Requirements

NFIP Requirements

All Applicants and Sub-applicants must be participating in the NFIP if they have been identified through the NFIP as having a Special Flood Hazard Area, and a Flood Hazard Boundary Map (FHBM) or Flood Insurance Rate Map (FIRM) has been issued. In addition, the community must not be on probation, suspended or withdrawn from the NFIP.

Non-discrimination Requirements

Like other FEMA mitigation programs, the PDM program must be administered in an equitable and impartial manner, without discrimination on the grounds of race, color, religion, nationality, sex, age, or economic status. The PDM program complies with Section 308 of the Stafford Act and Title VI of the 1964 Civil Rights Act. All recipients of Federal assistance must comply with Title VI, including State and local governments distributing Federal assistance.

In implementing the PDM program, Applicants and Sub-applicants will ensure that no discrimination is practiced. Applicants must consider fairness, equity, and equal access when prioritizing and selecting PDM applications to submit for funding. Sub-applicants must ensure fairness and equal access to homeowners and individuals that benefit from property acquisitions, structures improvements, etc.

Conflict of Interest

Additionally, Applicants and Sub-applicants must avoid conflicts of interest. Sub-applicants must comply with the procurement guidelines at 44 CFR 13.36. Among other requirements, 44 CFR 13.36 urges Sub-applicants to avoid situations where local officials with oversight authority might benefit financially from the grant disbursement. Applicants must comply with guidelines for awarding and administering sub-grants at 44 CFR 13.37.

VI. Eligible Activities & Associated Costs

Mitigation planning activities and mitigation projects are eligible activities. Associated Applicant and Sub-applicant management costs are also eligible. PDM grants may not duplicate benefits received by or available to the Applicant or Sub-applicant from any other resource to address the same purpose, and FEMA will not provide assistance under the PDM program for activities for which another Federal agency has more specific or primary authority to provide assistance for the same purpose (see Section VII.C. Duplication of Benefits and Programs).

Eligible Activities and Costs.

- Mitigation planning
- Mitigation projects: $3M cap Federal share per project
- Management costs

A. Mitigation Planning

Mitigation planning activities, including the development of risk assessments for mitigation plans, planning assistance and delivery of planning workshops, may be submitted for approval through the competitive process to develop State, Tribal, and local multi-hazard mitigation plans that meet planning criteria outlined in 44 CFR Part 201 pursuant to §322 of the Stafford Act.

Countywide or multi-jurisdictional plans may be submitted for funding since many mitigation issues are better resolved by evaluating hazards in a more comprehensive fashion, but multi-jurisdictional plans must be adopted by all jurisdictions covered by the plan. Mitigation planning activities must focus primarily on natural hazards but also may address hazards caused by non-natural forces.

The Benefit Cost Analysis and the Environmental and Historic Preservation documentation are not necessary for mitigation planning activities, and therefore, are not required to be submitted with mitigation planning applications.

Eligible Mapping Activities

To be eligible for funding, mapping activities must be completed as part of a risk assessment and may not exceed 30 percent of the total funds awarded for each planning application. Eligible mapping activities are limited to the extent that these activities are not eligible under the programs of a Federal agency (see Section VII.C. Duplication of Benefits).

Communities are required to make use of already developed materials and to seek available resources, such as:

- Multi-Hazard Mapping Initiative: http://www.hazardmaps.gov;
- U.S. Geological Survey National Map View: http://nationalmap.usgs.gov; and,
- HAZUS: http://www.fema.gov/hazus/lk_main.shtm.

National Priority

Because FEMA's National priority for FY 2003 is to fund proposals that address NFIP repetitive flood loss properties, communities with NFIP repetitive flood loss properties are urged to address those properties in their risk assessment and plan development. For example, State and local plans may refer to geographic areas or neighborhoods where concentrations of repetitive loss properties are located for the purpose of identifying and prioritizing those areas for mitigation activities, or plans may list the number of repetitive loss properties with aggregate repetitive loss data. However, States and communities should not attach lists of repetitive loss properties in their plans or otherwise make information relevant to individual properties, such as property owner names, addresses, and claims data, available to the public.

Information Dissemination

As part of the competitive grant, up to 10 percent of the funds awarded for mitigation planning may be used for information dissemination activities regarding cost-effective mitigation technologies. These activities may include marketing and outreach (brochures, videos, etc.) and must relate to the proposed mitigation planning activity.

Pre-Award Costs
FEMA may provide planning pre-award costs at FEMA's discretion and as funds are available. Eligible costs incurred prior to the grant award are identified as pre-award costs and must be submitted with the planning sub-application. Recipients may be reimbursed for pre-award costs incurred **up to six months prior to the publication of the Notice of Funding Availabilit**y for activities directly related to the development of the proposed planning activity, such as risk assessments.

B. Mitigation Projects
Multi-hazard mitigation projects must primarily focus on natural hazards but also may address hazards caused by non-natural forces. **Funding is restricted to a maximum of $3M Federal share per project.** The following are eligible mitigation projects:

- Acquisition or relocation of hazard-prone property for conversion to open space in perpetuity;
- Structural and non-structural retrofitting of existing buildings and facilities (including designs and feasibility studies when included as part of the construction project) for wildfire, seismic, wind or flood hazards (e.g., elevation, floodproofing, storm shutters, hurricane clips);
- Minor structural hazard control or protection projects that may include vegetation management, stormwater management (e.g., culverts, floodgates, retention basins), or shoreline/landslide stabilization; and,
- Localized flood control projects, such as certain ring levees and floodwall systems, that are designed specifically to protect critical facilities and that do not constitute a section of a larger flood control system.

Mitigation Project Requirements
Projects should be technically feasible (see Section XII. Engineering Feasibility) and ready to implement. Engineering designs for projects must be included in the application to allow FEMA to assess the effectiveness and feasibility of the proposed project. The project cost estimate should complement the engineering design, including all anticipated costs. FEMA has several formats that it uses in cost estimating for projects. Additionally, other Federal agencies' approaches to project cost estimating can be used as long as the method provides for a complete and accurate estimate. FEMA can provide technical assistance on engineering documentation and cost estimation (see Section XIII.D. Engineering Feasibility).

Mitigation projects also must meet the following criteria:

1. Be cost-effective and substantially reduce the risk of future damage, hardship, loss, or suffering resulting from a major disaster, consistent

with 44 CFR 206.434(c)(5) and related guidance, and have a Benefit-Cost Analysis that results in a benefit-cost ratio of 1.0 or greater (see Section X. Benefit-Cost Analysis). **Mitigation projects with a benefit-cost ratio less than 1.0 will not be considered for the PDM competitive grant program**;

2. Be in conformance with the current FEMA-approved State hazard mitigation plan;
3. Solve a problem independently or constitute a functional portion of a solution where there is assurance that the project as a whole will be completed, consistent with 44 CFR 206.434(b)(4);
4. Be in conformance with 44 CFR Part 9, Floodplain Management and Protection of Wetlands, and 44 CFR Part 10, consistent with 44 CFR 206.434(c)(3);
5. Not duplicate benefits available from another source for the same purpose, including assistance that another Federal agency or program has the primary authority to provide (see Section VII.C. Duplication of Benefits and Programs);
6. Be located in a community that is participating in the NFIP if they have been identified through the NFIP as having a Special Flood Hazard Area (a FHBM or FIRM has been issued). In addition, the community must not be on probation, suspended or withdrawn from the NFIP; and,
7. Meet the requirements of Federal, State, and local laws.

Property Acquisition and Relocation Requirements

For property acquisition and relocation projects, Applicants and Sub-applicants must comply with additional requirements consistent with 44 CFR 206.434(e). Sub-applicants receiving assistance for a real property acquisition or building relocation will enter into an agreement with the Applicant, subject to FEMA concurrence. The agreement should include the deed restriction that the local government will record with each property deed (see the Model Deed Restriction in Attachment III). **PDM applications for open space acquisition projects without these formal assurances will not be entertained.**

The agreement will provide assurances that:

- The prospective participants were informed in writing that participation in the program is voluntary and that the local government will not use its eminent domain authority to acquire their property for the project should negotiations fail.
- The local government agrees that land acquired for open space purposes under PDM will be restricted in perpetuity to open space uses and will be unavailable for construction of flood damage reduction levees, transportation facilities, and other purposes.

- The local government accepts all of the requirements of the deed restriction governing the use of the PDM grant and use of the land.
- In consultation with the U.S. Army Corps of Engineers, the local government has addressed and considered the potential future use of these lands for the construction of flood damage reduction levees, has rejected consideration of such measures in the future in the project area, and instead has chosen to proceed with acquisition of permanent open space.
- The local government has coordinated with the State Department of Transportation to ensure that no future, planned improvements or enhancements are under consideration that will affect the proposed project area.
- Existing buildings will be removed within 90 days of settlement.

For acquisition projects, changes to the properties in an approved mitigation project will be considered, as long as the substitution does not change the overall nature of the project or increase the amount of the Federal share; however, these changes will not be approved automatically (See Section XVIII. Scope of Work). The Applicant must identify alternate properties in the project application, including providing a BCA for each alternate property. The alternate properties should not be included in the cost estimate or the overall project BCA.

Communities considering the purchase of commercial or industrial property should ensure that the owner provides information identifying what, if any, hazardous materials are on the property. Before purchasing commercial or industrial properties, the community must require the owner to remove hazardous materials and containers. The owner must provide a clean-site certification from the appropriate State agency before the community can purchase any interest in the property, including easements for development rights. When the community purchases easements for development rights only, the seller must also agree to indemnify the State, FEMA, and the community for any liability arising from previous contamination of the property.

The presence of non-leaking underground storage tanks, septic systems, home heating oil tanks, and normal quantities of lead, asbestos, and household hazardous materials does not preclude the use of PDM funds for acquisition. However, local permitting ordinances should be followed. The costs of removing these should be addressed in the project budget.

Project Maintenance
FEMA is not responsible for maintaining the project after the initial implementation. FEMA will not pay for any future maintenance, such as mowing open space or ensuring hurricane shutters are operable. Sub-applicants should develop a maintenance plan that identifies the maintenance tasks, schedules and budgets.

Information Dissemination
As part of the competitive grant, up to 10 percent of the funds awarded for mitigation projects may be used for information dissemination activities regarding cost-effective mitigation technologies. These activities may include marketing and outreach (brochures, videos, etc.) and must relate to the proposed mitigation project.

Pre-Award Costs
FEMA may provide project pre-award costs at FEMA's discretion and as funds are available. Eligible costs incurred prior to the grant award are identified as pre-award costs and must be submitted with the project sub-application. Recipients may be reimbursed for pre-award costs incurred **up to six months prior to the publication of the Notice of Funding Availabilit**y for activities directly related to the development of the proposed project. Activities may include, but are not limited to, Benefit-Cost Analysis, environmental consideration documentation processing, and engineering design. Pre-award costs associated with construction activities started prior to grant award will not be considered.

C. Applicant Management Costs

***Management Costs*.** Management costs are allowable for Applicants and Sub-Applicants.

Applicants may request up to 10 percent of the total planning and project grant funding requested for management costs to support the solicitation, review and processing of PDM sub-applications and awards, and to provide technical assistance to Sub-applicants, including assisting Sub-applicants with Benefit-Cost Analysis and environmental and historic preservation documentation. If requested, indirect costs must be included as part of management costs and must be supported with a current Indirect Cost Rate approved by a Federal Cognizant Agency. However, in no case will the amount of funding awarded for management costs exceed 10 percent of the total amount awarded for mitigation planning and project sub-grants. **There is no exception to increase Applicant management costs.**

Applicants that request management costs must submit a separate sub-application for their management costs. If the e-Grants system is used, Applicants should use the Technical Assistance/Management Costs sub-application. Management costs must be supported with source documentation. Management costs will not factor into the competitive evaluation of planning or project proposals submitted by the Applicant and do not need a Benefit Cost Analysis. Funding for Applicant management costs will not be awarded until all planning and project sub-applications have been awarded to ensure

that Applicant management costs do not exceed 10 percent of the total planning and project sub-grant awards. **Management costs will be awarded to successful applicants at the end of the award process.** Management costs will be cost shared with up to 75 percent of eligible costs provided by FEMA and at least 25 percent provided by a non-Federal source.

Pre-Award Costs
Eligible costs incurred prior to the grant award are identified as pre-award costs. **Pre-award costs are limited to costs incurred after publication of the Notice of Funds Availability**.

D. Sub-applicant Management Costs
Sub-applicants may request a maximum of 5 percent of the total grant funding requested for management costs to support approved planning activities or projects. Management costs must be supported with source documentation. Sub-applicants that request management costs must include them in their planning or project sub-application. Sub-applicant management costs must be included as part of the planning activity or project costs and, therefore, **must be included in the Benefit Cost Analysis for projects.** If requested, indirect costs must be included as part of the management costs and must be supported with a current Indirect Cost Rate approved by a Federal Cognizant Agency. However, in no case will the total Federal share for any project, including management costs, exceed $3 million. **There is no exception to increase Sub-applicant management costs.**

Pre-Award Costs
Eligible costs incurred prior to the grant award are identified as pre-award costs. **Pre-award costs are limited to costs incurred after publication of the Notice of Funds Availability** and must be included in the project or planning sub-application.

VII. Ineligible Activities

A. Ineligible Mitigation Projects
The following mitigation projects are **not** eligible for the PDM program:

- Major flood control projects such as dikes, levees, floodwalls, seawalls, groins, jetties, dams, waterway channelization, beach nourishment or renourishment;
- Warning systems;
- Engineering designs that are not integral to a proposed project;
- Feasibility studies that are not integral to a proposed project;
- Drainage studies that are not integral to a proposed project;
- Generators that are not integral to a proposed project;
- Phased or partial projects;
- Flood studies or flood mapping; and,
- Response and communication equipment.

Ineligible Activities (partial list):

- Major flood control projects
- Engineering designs not integral to a proposed project
- Feasibility studies not integral to a proposed project
- Flood studies or *flood* mapping
- Response and communication equipment.

B. Cost Overruns and Cost Underruns

The PDM program is a competitive grant program and, therefore, Federal award amounts are final. There will be no additional FEMA funding beyond the initial allocation. **FEMA will not cover cost overruns associated with grant activities.** All costs for which funding is requested should be included in the original application budget. Mitigation project applications should include the cost of the cost of engineering designs; performing the Benefit Cost Analysis; the cost of obtaining any environmental/historic permits and clearances; and the cost of any anticipated environmental/historic compliance measures, treatments, or alternatives identified through the development of the environmental documentation.

Unexpended funds, or cost underruns, remaining after the performance period expiration date must be reported to FEMA for de-obligation. Cost underruns from one Sub-grantee cannot be used to meet another Sub-grantee's cost overrun.

C. Duplication of Benefits and Programs

Duplication of Benefits

PDM grants may not duplicate benefits received by or available to the Applicant or Sub-applicant from insurance, other assistance programs, legal awards, or any other resource to address the same purpose. An Applicant must notify us of all benefits that are received or anticipated by the Applicant or Sub-applicant from other sources for the same purpose, and Applicants and Sub-applicants must seek all such benefits available to them. FEMA will reduce the grant by the amounts available for the same purpose from another source. If FEMA provides assistance under this program when other benefits are available to an Applicant or Sub-applicant, the Applicant will be liable to FEMA for any duplicative amounts that are received or available to the Applicant or Sub-applicant from other sources, and must repay FEMA for such amounts.

Duplication of Programs

FEMA will not provide assistance under the PDM program for activities for which another Federal agency has more specific or primary authority to provide assistance for the same purpose. FEMA may disallow or recoup amounts that fall within another Federal agency's authority.

VIII. Application Process

The grant applications must be received by the Director of the Applicant's respective Regional Office (see FEMA Regional Office addresses in Section XXII. Other Information) by **midnight Eastern Time, October 6, 2003**. Sub-applicants should consult the official designated point of contact in their State/Tribe for more information pertaining to their application process.

Application Deadline.
Grant applications from States, Tribes, and Federally recognized Indian Tribal governments must be received by the appropriate FEMA Regional Office by midnight Eastern Time, October 6, 2003.

A. FEMA's electronic grants (e-Grants) system

FEMA's electronic grants (e-Grants) system should be used by Applicants and Sub-applicants whenever possible. FEMA's e-Grants system is a user-friendly format that may substitute for the paper-based process in that Sub-applicants' applications are electronically transmitted to the Applicant for review and action. FEMA has developed the e-Grants system to meet the intent of the eGovernment initiative authorized by Public Law 106–107, passed on November 20, 1999. This initiative requires that all government agencies both streamline grant application processes and provide for the means to electronically create, review, and submit a grant application via the Internet. Use of the e-Grants system will speed FEMA's review and evaluation of the applications for the PDM program. **Applicants that use e-Grants must submit applications by midnight, Eastern Time, October 6, 2003. The server will not accept applications after that time.**

FEMA will use the information transmitted through the e-Grants system to evaluate applications and make award decisions, monitor ongoing performance and manage the flow of federal funds, and close out the grant award when all work is completed. If an Applicant does not use the e-Grants system, the Applicant may submit a paper application, which can be obtained from the FEMA Regional Office (see Section XXII. Other Information).

B. Content of Grant Application

- Application for Federal Assistance, Standard Form 424;
- Budget Information - Construction Program, FEMA Form 20-15; or
- Budget Information - Non-Construction Program, FEMA Form 20-20;
- Budget Narrative explaining cost items that have been budgeted;
- Summary Sheet for Assurances and Certification, FEMA Form 20-16;
- Assurances - Non-Construction Program, FEMA Form 20-16A; or,
- Assurances - Construction Program, FEMA Form 20-16B;
- Certification Regarding Lobbying; Debarment, Suspension and Other Responsible Matters; and Drug-Free Workplace Requirements, FEMA Form 20-16C;
- Disclosure of Lobbying Activities, Standard Form LLL;
- Approved Indirect Cost Agreement, if applicable;
- Documentation to support non-Federal cost share and Sub-applicant status as a small, impoverished community, if appropriate, for Federal cost share of up to 90 percent (see section IX. Cost Share Requirements);
- Documentation for the hazard risk assessment for mitigation planning activities (see Supplemental Questions for National Ranking and Evaluation in Attachment II);
- Complete Benefit-Cost Analysis documentation for mitigation projects. Mitigation planning activities do not require a Benefit-Cost Analysis (see section X. Benefit-Cost Analysis);
- Program Narrative for all sub-applications for which PDM funding is requested. **The Applicant must rank each sub-application in order**

of their priority. Each sub-application must be assigned a unique rank (i.e., only one number 1 rank). The Program Narrative should include:

1) Individual activity location and name of Sub-applicant;
2) Timeline/schedule for each activity;
3) Individual activity costs, including Federal and non-Federal shares;
4) Activity-specific scopes of work, including a list of properties (and alternative properties) for mitigation projects. The property information history must include owner name, address, type of structure, year built, NFIP and FIRM information, repetitive loss statistics, if any, property action, and Benefit-Cost Analysis;
5) Alternatives to the proposed mitigation project considered to address the hazard identified;
6) Documentation of engineering feasibility and design (see Section XII. Engineering Feasibility);
5) Certification that the Applicant has evaluated the included activities, that they meet all PDM program eligibility criteria, and that they will be implemented in accordance with 44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments;
6) Responses to the Supplemental Questions for each sub-applicant activity for competitive ranking and evaluation (see Supplemental Questions for National Ranking and Evaluation in Attachment II);
7) Recommendations and documentation regarding the environmental review required by 44 Code of Federal Regulations (CFR) Part 10, Environmental Considerations, and other applicable laws and executive orders, including responses to established questions, for mitigation projects and complete environmental/historic documentation (see Section XI. Environmental/ Historic Review and Environmental/Historic Preservation Guidance and Established Questions in Attachment V); and,
8) Assurance that the Sub-application is complete and addresses all program requirements including the Supplemental Questions (Attachment II), thereby meeting the program criteria outlined under §203(g) of the Stafford Act.

C. Technical Assistance

FEMA will provide technical assistance to both Applicants and Sub-applicants throughout the application process (see Section XII. Technical Assistance).

IX. Cost Share Requirements

Cost-share.
75% Federal cost-share. Small, impoverished communities may receive up to 90% Federal cost-share.

FEMA will contribute up to 75 percent of the total amount approved under the grant award, to implement approved activities. At least 25 percent of the total eligible costs must be provided from a non-Federal source.

A. Small, Impoverished Communities

Grants awarded to small, impoverished communities may receive a Federal cost share of up to 90 percent of the total amount approved under the grant

award, to implement eligible approved activities. Documentation should be submitted with the application to support the eligibility for a higher FEMA cost share. A small, impoverished community must meet all of the following criteria:

- It must be a community of 3,000 or fewer individuals that is identified by the State as a rural community, and is not a remote area within the corporate boundaries of a larger city;
- It must be economically disadvantaged, with residents having an average per capita annual income not exceeding 80 percent of national per capita income, based on best available data. According to the Department of Commerce, Bureau of Economic Analysis, the per capita personal income for the United States in 2002 was $30,941;
- It must have a local unemployment rate that exceeds by one percentage point or more, the most recently reported, average yearly national unemployment rate. According to the U.S. Bureau of Labor Statistics, the average unemployment rate for 2002 was 5.8 percent; and
- It must meet any other factors as determined by the State in which the community is located.

B. Non-Federal Cost Share

The non-Federal cost share must be in direct support of the approved activities and must be an eligible cost for PDM funding. All contributions, cash and in-kind or any combination, may be accepted as part of the non-Federal cost share. In lieu of requesting pre-award costs, Applicants and Sub-applicants may submit eligible costs incurred prior to award for eligible activities as their non-Federal cost share (see Section VI. Eligible Activities and Associated Costs).

Generally, the non-Federal cost share may not include funds from other Federal agencies, except for Federal funds that have authorizing statutes that explicitly allow the funds to be used as cost share for other Federal grants. Examples include:

- Department of Housing and Urban Development Community Development Block Grant (CDBG) monies may be used as cost share for property acquisition projects as long as the projects are eligible under the CDBG program.
- The U.S. Small Business Administration loan funds and the U.S. Department of Agriculture's Farm Service Agency loan funds, which lose their Federal identity once the loan to the individual is approved, may be used as cost share.
- Indian Health Services funds may be used as cost share for PDM funds as long as the mitigation activity "contributes to the purposes for which grants…are made" under the Indian Health Services statute.
- Bureau of Indian Affairs funds may be used as cost share.

- Appalachian Regional Commission funds may be used as cost share, per Section 302(a)(3) of the Appalachian Regional Development Act of 1965.

The NFIP Increased Cost of Compliance (ICC) claim payment from previous flood events can be used to meet the non-Federal cost share requirement, to the extent that the period for making such a claim remains open. ICC insurance coverage provides a claim payment for qualified owners' costs to elevate, demolish, relocate, or floodproof (non-residential buildings only) after a flood. The maximum amount of ICC coverage as of May 1, 2003, is $30,000. Because these types of activities are also eligible PDM activities, owners cannot receive PDM funds for the same costs covered by their ICC claim. However, if the insurance claim does not pay the total mitigation cost, then a PDM grant can pay the cost of eligible activities above the ICC claim payment.

PDM funds do not lose their Federal identity and cannot be used as cost share for another Federally funded activity. In addition, neither Federal PDM program funds nor non-Federal funds used to cost share the PDM program can be used as cost share for another Federal grant program.

Cost Share Documentation

Requirements for in-kind contributions can be found in 44 CFR 13.24. In-kind contributions must be comprised of eligible program costs. All of the following documentation is required for third-party cash and in-kind contributions:

- Record of donor;
- Dates of donation;
- Rates for staffing, equipment or usage, supplies, etc.;
- Amounts of donation; and
- Deposit slips for cash contributions.

Cost Share Extensions

If the non-Federal cost share requirement cannot be met by the application deadline, due to pending State and/or local legislative approval or fiscal year timelines, the Applicant must do all of the following:

- **Submit the application by the application deadline** with a notation of the delay of cost share availability in the Budget Narrative;
- Submit a letter to the FEMA Regional Director **along with the application** explaining the reason for the delay and provide assurance that the cost share will be available by November 5, 2003; and,
- Provide a written certification to the FEMA Regional Director by **November 5, 2003**, that the cost share has been approved and is available for use if the application is selected by FEMA.

X. Benefit-Cost Analysis

PDM is a competitive grant program and, as such, must emphasize funding the most cost-effective mitigation activities. A Benefit-Cost Analysis (BCA) will be required for all mitigation projects. FEMA will not perform the BCA and will not consider project applications without a BCA for the PDM program. Technical assistance is available to help Applicants and Sub-applicants develop BCAs (see Section XIII. Technical Assistance). The actual cost of performing the BCA and providing supporting documentation may be included by the Sub-applicant as part of the proposed project costs and by the Applicant as management costs. A BCA is not required for mitigation planning activities.

BCA is a well-established method for quantitatively comparing the benefits and costs of mitigation projects. The end result is a benefit-cost ratio, which equals a project's total net benefits divided by its total cost. **The Applicant is required to perform a BCA for all properties, including repetitive flood loss properties and substantially damaged properties.** For projects that address multiple structures (e.g., acquisition or elevation), the benefit-cost ratio is calculated by totaling the benefits for each structure to obtain the total project benefits, and dividing by the total project cost. **Mitigation projects with a benefit-cost ratio less than 1.0 will not be considered for the PDM competitive grant program.**

The benefit-cost ratio is a critical factor in the National Ranking (see Section XIV.A. National Ranking); therefore, mitigation projects with higher benefit-cost ratios will be more competitive. This distinction impacts the traditional demonstration of cost effectiveness. Generally, other FEMA mitigation programs have a minimum regulatory requirement stipulating that projects must demonstrate cost effectiveness via a benefit cost ratio of at least 1.0 but do not necessarily require maximizing the benefit-cost ratio. To enhance a project's competitiveness for PDM, Applicants are encouraged to conduct a thorough BCA that demonstrates the maximum benefits associated with their mitigation project.

FEMA's BCAs are governed by guidance from the Office of Management and Budget (OMB). OMB Circular A-94, Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs, describes the economic principles and methods by which most Federal programs must determine the cost-effectiveness (i.e., benefit-cost ratio) of funded projects. The benefits of mitigation projects are avoided damages, losses, and casualties. Examples of common benefits include avoided or reduced:

- Damages to buildings, contents or infrastructure;
- Economic impacts of loss of function of buildings
  - Displacement costs for temporary quarters
    - Loss of public services
    - Loss of net business income;
- Economic impacts of loss of function of infrastructure
  - Road or bridge closures
    - Loss of utility services; and
- Deaths and injuries.

Benefit-Cost Analysis.

- A Benefit-Cost Analysis will be required for all mitigation projects.
- A BCA for all properties, including repetitive flood loss properties and substantially damaged properties, is required.
- A Benefit-Cost Analysis is not required for planning activities.

OMB guidance excludes indirect benefits or "multiplier" effects, for example long-term changes in regional economic activity, future employment, and tourism, which are not directly linked to the project. For further details of categories of benefits that may or may not be counted see "What is a Benefit?" located on the Mitigation BCA Toolkit CD (see Section XIII. Technical Assistance). This document provides standardized benefit categories, approaches, and data inputs for many common mitigation projects.

If the Applicant or Sub-applicant is submitting a project for which FEMA performed the BCA in the past, the Applicant or Sub-applicant certifies that they accept the BCA as their own by submitting it as part of their application. Applicants or Sub-applicants submitting projects prepared for other FEMA mitigation programs are encouraged to revisit those analyses to ensure they demonstrate maximum project benefits.

A. Methodology

Applicants and Sub-applicants are strongly encouraged to use FEMA's BCA software for their analyses. The software can be obtained free from FEMA by contacting the BCA hotline (see Section XIII. Technical Assistance) or the FEMA Regional Office (see Section XXII.B. Regional Contact Information). Using FEMA software will ensure that the calculation is done in accordance with FEMA's standardized methods and approaches and will facilitate the application review process.

The OMB-mandated discount rate for the PDM program is 7 percent. An adjustment can either increase or decrease benefits and the benefit-cost ratio as well. **This discount rate** is incorporated into all FEMA software programs as a default and **should not be modified**.

Alternative non-FEMA BCA software also may be used, but only if the FEMA Regional Office and FEMA Headquarters approve the software in advance. The Applicant must provide verification with the application that FEMA has approved the other BCA software or methods. An e-mail or letter signed and dated by FEMA is considered appropriate verification. **Applications using BCAs conducted with non-FEMA software, which is not approved in advance by FEMA will not be considered for the PDM program.**

FEMA has developed a simplified, alternative methodology to conduct the BCA, which may be used in lieu of a traditional BCA, for certain properties insured under the NFIP and included in the Pilot NFIP Repetitive Loss Properties List. The list of properties and the guidance for using this alternative approach is being provided to the FEMA Regional Offices under separate cover (information on the alternative approach to determine cost effectiveness is available for Applicants and Sub-applicants on the FEMA website: www.fema.gov/fima/pdm.shtm). The Pilot NFIP Repetitive Loss properties can be combined in a project with other repetitive flood loss

properties and/or non-repetitive flood loss properties; however, the alternative cost-effectiveness approach may only be used for the Pilot NFIP Repetitive Loss properties, and an aggregate benefit-cost ratio must be calculated for the project.

B. Documentation

A National Benefit-Cost Review Panel will be convened to review and evaluate all BCAs (see Section XIV.A. National Benefit-Cost Review Panel). The evaluation will be based solely on the documentation provided in the project application. FEMA will not contact Applicants to request additional information or clarification on BCA documentation in the application. **Applications that do not include documentation will not be considered for PDM funding.**

The documentation must support figures, assumptions, data derivation or calculation methods used in the BCA. Applicants should provide full and credible documentation, which:

1) clearly explains the data used in the analysis, including the source;
2) is well organized; and
3) provides references to the appropriate parts of the analysis.

Applicants should include surveys, copies of elevation certificates, and copies of appropriate sections of Flood Insurance Studies (FIS) and FIRMs. A good rule of thumb to observe is that a knowledgeable subject matter expert should be able to reproduce the BCA based on a review of the documentation without any additional explanation.

For each project BCA in a grant application, Applicants should provide a copy of each page of the analysis used, whether the BCA was performed using FEMA software or using alternative software that was approved in advance by FEMA. It is highly recommended that an electronic version of the BCA be provided as well. If the e-Grants system is used, Applicants should provide either paper or electronic attachments to support the information submitted through e-Grants.

The credibility of data sources is also extremely important. FEMA recommends obtaining information from published technical sources, in particular engineering studies such as FISs and technical web sites such as those operated by the U.S. Geological Survey, National Oceanic and Atmospheric Administration, and a range of academic organizations and State agencies. Professional licensure is strongly preferred in all cases (e.g., a licensed structural engineer to provide fragility curves for an earthquake mitigation project). In addition, data from FEMA software and values from FEMA guidance will be accepted as completely credible.

XI. Environmental/Historic Preservation Review

All PDM activities must comply with a variety of Federal environmental and historic preservation laws and Executive Orders prior to the award of funds. The National Environmental Policy Act (NEPA), the Endangered Species Act, the National Historic Preservation Act, and Executive Orders on Wetlands, Floodplains and Environmental Justice are among those laws and Executive orders for which final Federal review is required. In accordance with 44 CFR 10.8d(2)(iii), FEMA has determined that mitigation planning activities have no impact on the environment and will require no further environmental or historic preservation review. Therefore, **environmental or historic preservation documentation is not required for planning activities**. However, mitigation projects will require some environmental review, with construction type activities usually needing more extensive review, or even an environmental assessment and the identification of alternatives. Since compliance with one or more of these laws may affect the cost or feasibility of implementing a project, it is important that Sub-applicants understand what aspects of their project might trigger compliance requirements.

For selected mitigation projects that require any level of environmental review or an environmental assessment, funds will not be awarded and the project cannot be initiated until FEMA has completed its review. Technical assistance will be available to the Regions to consult with regulatory/resource agencies and make recommendations regarding compliance measures required to address the environmental/historic impacts of selected projects.

Although the final environmental/historic review will occur after the National Ranking and Evaluation process, much of the data collection and review process will be accomplished by the Sub-applicant as they are developing their application. **FEMA will not award the grant and the Sub-applicant may not initiate construction until FEMA has completed its review. FEMA and the Applicant should complete the Environmental/Historic Preservation review within 9 months of selection or the project may not be funded.**

The Environmental/Historic Preservation Guidance & Established Questions (see Attachment V) will lead Applicants and Sub-applicant through the various environmental and historic review requirements. If the e-Grants system is used, the Environmental/Historic Preservation Guidance & Established Questions are provided in the Environmental/Historic section of the electronic grant application. FEMA will provide technical assistance to Applicants and Sub-applicants on Environmental/Historical compliance (see Section XIII. Technical Assistance) but will not complete the Environmental/Historic Established Questions or documentation for the Applicant or Sub-applicant. FEMA will review the completeness of the responses to the Established Questions and supporting documentation for submitted projects (see Section XIV. FEMA Review) and **will not consider projects with incomplete responses or supporting documentation.**

Environmental/Historic Preservation Review.
Once a project is selected through the National Ranking and Evaluation process, the Regional Offices will be responsible for environmental/ historical preservation reviews. Funds will not be awarded and the project cannot be initiated until FEMA has completed its review.
FEMA will not consider applications without complete responses to the Environmental/Historical Preservation Established Questions and supporting documentation.

Early identification of environmental and historic issues will enable the Sub-applicant to plan for and address the impacts of the project and, ultimately, simplify the review process. The Sub-applicant must provide information of the potential impacts of their proposed project on various environmental or historic resources. While permits, formal consultations, or clearances are not required with the initial application, Sub-applicants should communicate with appropriate parties to obtain sufficient information to be able to describe clearly how the requirements of these various laws will or will not affect the proposal.

Sub-applicants will implement any environmental or historic preservation mitigation actions specifically required of them in relation to project approval. **Environmental treatment measures are conditions of the grant award, and if not carried out as agreed upon, FEMA will rescind the grant.** Such measures include recordation or relocation of historic structures, Phase III archeological data recovery, protection for endangered species, etc. All costs associated with anticipated environmental/historic preservation compliance measures identified through the review and consultation process may be cost shared if included as part of the project budget at the time of application submission. **The amount of the Federal share will not be increased to cover any additional costs identified after the application deadline.** The Applicant or Sub-applicant may determine whether or not to accept the grant award based on the estimated additional cost of the treatment measures.

To enhance proposal competitiveness and expedite the environmental approval process, the Applicant should carefully identify and analyze environmental and historic preservation impacts to determine if they would require any changes to the design, scope, or location of the project or require mitigation that could affect the overall project cost or feasibility.

XII. Engineering Feasibility

If an Applicant or Sub-applicant proposes to use a new technology, information should be provided regarding laboratory test, field-testing, and similar items. Other alternatives that were considered to address the hazard should be identified. If there is still some residual risk to the facility anticipated after the proposed project's implementation, this should be clearly identified.

All technical information that the Applicant or Sub-applicant believes is pertinent to this review should be included in the application. For some projects, photographs, sketches or drawings may help to illustrate the scope or the project or the problem that it addresses. FEMA will review the engineering feasibility documentation (see Section XIV.D. Engineering Feasibility).

The following are examples to give some idea of the types of information that help demonstrate engineering feasibility. They do not represent complete information that may be needed to demonstrate engineering feasibility for a particular project.

Completed conceptual design

The hazards in the community should be defined. The specific hazards that the proposed project addresses should be identified. If other hazards are not being addressed by the project, it should be briefly explained why these were not considered in the project or do not need to be considered.

> Example: The project proposes retrofitting a medical facility with shutters to prevent wind damage. The community is prone to hurricane winds and flooding. The application should identify why the wind retrofit has identified shutters as the feasible project, but other features of the building are not included in the project. It should be noted in the application how or if the facility will be affected by the other hazard, flooding. Photographs of the building site, windows and other features of the building are included.

Basis of design

The specific basis of the engineering design for the project should be identified. Examples include:

- the engineering standard that is being used in design;
- the building code/edition that is being used;
- the level of performance for which the project is designed; or
- an adopted practice by the applicant for similar facilities that they own.

If the project potentially has an effect on hazards at other facilities, these should be identified.

> Example: The project proposes replacing culvert pipe with a larger sized culvert pipe, and a new headwall. The applicant should describe the flow and frequency of event that can be handled by the new culvert pipe. The county has adopted a state standard for crossings that is being used on this project and future projects. (This standard and its pertinent sections are referenced). The applicant has noted that the change in conveyance of floodwaters will cause a small increase in flood levels downstream on county-owned parkland, but will not increase damages to downstream properties. This project is identified in a study that the community conducted on the entire watershed. The applicable portion of the state standard has been copied and is included in application. A site map showing the culvert location and the watershed is included. Photographs of the area downstream of the culvert are included.

Scope of work and cost estimate

The project should be identified in specific enough details, so that material, labor and other costs associated with the project can be identified. The cost estimating tools used should be specifically identified and a cost estimate must be provided. Some of the cost estimating tools may include: national cost estimating guides; an applicant's own cost estimating guides; an estimate based on bids; or an estimate based on awarded contracts for similar work. The amount of the Federal share will

not be increased to cover any additional costs identified after the application deadline.

> Example: The project proposed replacing a roof on an existing museum building. The roof is a low-slope roof with internal drainage only, in an area subject to snow and rainfall that may clog the drains. The project will completely remove the existing roof, install tapered insulation and place scuppers at the exterior wall locations. The applicant has identified the size of the roof and has included a roof plan and roof sections and calculated the materials and labor needed to complete the job. The applicant has awarded a similar roofing job two years ago that they have used to estimate the costs of this project. The applicant has included a copy of the costs for the other job, comparison of scope of work between the completed job and the proposed job, and updated the costs for the proposed project based a national cost estimating guide.

XIII. Technical Assistance

FEMA will provide technical assistance to both Applicants and Sub-applicants throughout the application process by answering questions about the PDM program, the application process, e-Grants, BCA, engineering feasibility, and Environmental/Historical Preservation compliance. FEMA will assist Applicants in developing and conducting workshops on BCA and Environmental/Historic compliance for Sub-applicants. However, FEMA will neither complete the application for the Applicant nor favor one Applicant or Sub-applicant over the other in the competitive application process. Applicants and Sub-applicants should contact their FEMA Regional Office for all technical assistance (see Section XXII.B. Regional Contact Information). Any technical assistance provided will be coordinated through FEMA Headquarters to ensure consistent treatment of all applicants.

A. e-Grants

FEMA will provide technical assistance to Applicants and Sub-applicants on completing applications in the e-Grant system. FEMA has established an e-Grants Helpdesk, which can be reached via telephone: 1-866-476-0544 or e-mail: mtegrants@fema.gov.

B. Benefit-Cost Analysis

FEMA will provide technical assistance and training to Applicants and Sub-applicants regarding how to perform a BCA but will not do the BCA for the Applicant or Sub-applicant. If the Applicant or Sub-applicant is submitting a project for which FEMA performed the BCA in the past, the Applicant or Sub-applicant certifies that they accept the BCA as their own by submitting it as part of their application. Applicants or Sub-applicants submitting projects prepared for other FEMA mitigation programs are encouraged to revisit those analyses to ensure they demonstrate maximum project benefits.

FEMA has established a Benefit-Cost Analysis Hotline for Applicants and Sub-applicants and guarantees a 48-hour response time. The Hotline will

provide BCA software, technical manuals, and other BCA references as well as technical support for BCA. The Hotline number is (301)-670-3399, extension 710 (toll free starting July 31, 2003, at (866) 222-3580). The e-mail address is bchotline@urscorp.com.

FEMA has prepared a Benefit-Cost Analysis Toolkit CD. This CD includes all of the FEMA BCA software, technical manuals, BCA training courses, and other supporting documentation and guidance. The FEMA BCA Toolkit CD is available free from FEMA by contacting the Benefit-Cost Analysis Hotline or the FEMA Regional Office (see Section XXI. B. Regional Contact Information).

C. Environmental/Historical

FEMA will provide technical assistance and training to Applicants and Sub-applicants regarding how to complete the Environmental/Historic Preservation Established Questions but will not complete the Established Questions or any supporting documentation for the Applicant or Sub-applicant. For further information, see Attachment V. Environmental/Historic Guidance & Established Questions or visit the website: http://www.fema.gov/ehp/slt.shtm.

D. Engineering Feasibility

FEMA can supply technical assistance to Applicants and Sub-applicants regarding the level of documentation and the types of information that FEMA will need to adequately review feasibility of proposed mitigation projects. In addition, FEMA can provide technical assistance to Applicants and Sub-applicants regarding completeness and accuracy of project cost estimating for engineering costs.

XIV. FEMA Review

FEMA will review all applications to ensure the following:

- Eligibility of the Applicants and Sub-applicants;
- Eligibility of proposed activities and costs;
- Eligibility and availability of non-Federal cost share;
- Consistency of mitigation projects with the FEMA-approved mitigation plan;
- Engineering feasibility of mitigation projects, including complete supporting documentation;
- Benefit-cost ratio of at least 1.0 for mitigation projects;
- Technical accuracy, complete supporting documentation, and source credibility of the BCA for mitigation projects;
- Complete responses to the Environmental/Historic Preservation Established Questions and supporting documentation for mitigation projects and inclusion of appropriate treatment measures in project cost; and,
- Complete responses to Supplemental Questions for National Ranking and Evaluation, including the hazard risk assessment for planning activities.

Elimination Criteria.

- Ineligible applicant
- Incomplete application
- Identified flood hazard area, but not NFIP participant
- Identified flood hazard area, but NFIP probation, suspension or withdrawal
- Missing cost-share funding
- Mitigation projects without a Benefit-Cost Analysis
- Benefit cost ratio less than 1.0
- Activities requiring conditional approvals.

FEMA will notify Applicants of applications that do not satisfy the eligibility requirements and the reason(s) for ineligibility.

A. National Benefit-Cost Review Panel

Given the technical nature of the BCA and its importance in the PDM National Ranking and Evaluation processes (see Section XV. National Ranking and Evaluation), FEMA will convene a National Benefit-Cost Review Panel of subject matter experts to conduct a detailed and comprehensive review of the BCAs for all mitigation projects. **Mitigation projects with BCAs that do not include supporting documentation will not be considered for PDM funding (see Section X, Benefit-Cost Analysis).**

FEMA has developed a review methodology based on a series of key data points related to FEMA's BCA software that have a large influence on the outcome of the analysis (see Attachment IV. Data Points for Benefit-Cost Analysis Review). The evaluation process will emphasize the data that have the greatest impact on the benefit-cost ratio. Reviewers will evaluate the reasonableness, credibility, and accuracy of all BCAs by reviewing each data point of the BCA in three key areas:

- Technical accuracy;
- Supporting documentation; and
- Source credibility.

Technical Accuracy

FEMA has established a series of evaluation criteria for each combination of hazard and analysis type (engineering data or frequency-damage). The points of highest influence differ depending on the hazard being addressed and the chosen methodology. The BCA review methodology associates higher weight to data points of greater importance.

Supporting documentation

Every data point in a BCA should be clearly documented. Deviations from standard procedures, guidance or techniques should be thoroughly explained and documented. The BCA review methodology associates higher weight to better documentation of data derivation methods and assumptions in the project application. Projects not adequately documented will be less competitive.

Source Credibility

The more technical the data and the more it influences the outcome of a BCA, the more emphasis the BCA Review Panel will place on the credibility of its source.

B. Environmental and Historic Review

Since this is a competitive program, not all applications received will be selected for award. Therefore, Regional Environmental Officers

should provide a consistent level of general advice, rather than trying to resolve compliance or undertake consultation, until after the National Ranking and Evaluation process when proposals are selected.

For selected mitigation projects that require any level of environmental review or an environmental assessment, funds will not be awarded and the project cannot be initiated until FEMA has completed its review. Technical assistance will be available to the Regions to consult with regulatory/resource agencies and make recommendations regarding compliance measures required to address the environmental/historic impacts of selected projects.

Although the final environmental/historic review will occur after the National Ranking and Evaluation process, much of the data collection and review process will be accomplished by the Sub-applicant as they are developing their application. Once a project is selected through the National Ranking and Evaluation process, the Sub-applicant's environmental/historic preservation information developed during the application development process will be used toward meeting the official compliance requirements. FEMA will complete the environmental and historic preservation review with the assistance of both the Applicant and the Sub-applicant. **FEMA will not award the grant and the Sub-applicant may not initiate construction until FEMA has completed its review. FEMA and the Applicant should complete the Environmental/Historic Preservation review within 12 months of selection or the project may not be funded.**

C. Engineering Feasibility

FEMA will review the engineering feasibility of projects to determine whether the information provided in the application demonstrates:

- the project is technically feasible;
- the project conforms with accepted engineering practices; and
- the estimated cost of the project is consistent with the defined scope of work and accepted cost estimating principles.

XV. National Ranking and Evaluation

A. National Ranking

FEMA will score all eligible activities on the basis of predetermined, objective, quantitative factors to calculate a National Ranking Score. Mitigation planning activities will be scored separately from mitigation projects.

National Ranking. All eligible sub-applications will be ranked on the basis of predetermined factors to calculate a National Ranking Score. Mitigation projects and mitigation planning applications will be scored separately.

Ranking factors for competitive **mitigation planning activities** and the respective weighting of each in the Ranking are:

1) Sub-applicant's assessment of risks by hazard (44 percent);
2) The priority given to the sub-application by the Applicant (35 percent);
3) Community mitigation factors such as Community Rating System class, Cooperating Technical Partner, participation

as a Firewise Community, and adoption and enforcement of codes including the International Code Series and National Fire Protection Association 5000 Code, as measured by the Building Code Effectiveness Grading Schedule (12 percent);

4) Status of FEMA-approved local, Standard State/Tribal and Enhanced State/Tribal mitigation plans (5 percent); and
5) Status of Sub-applicant as a small, impoverished community (4 percent).

Ranking factors for **mitigation projects** and the respective weighting of each in the Ranking are:

1) Benefit cost ratio by hazard based on Applicant's Benefit Cost Analysis (51 percent);
2) The priority given to the sub-application by the Applicant (22 percent);
3) Community mitigation factors such as Community Rating System class, Cooperating Technical Partner, participation as a Firewise Community, and adoption and enforcement of codes including the International Code Series and National Fire Protection Association 5000 Code, as measured by the Building Code Effectiveness Grading Schedule (10 percent);
4) Status of FEMA-approved local, Standard State/Tribal and Enhanced State/Tribal mitigation plans (5 percent);
5) The percent of the population benefiting, which equals the number of individuals directly benefiting divided by the community population (4 percent);
6) The status of Sub-applicant as a small, impoverished community (4 percent); and
7) Whether the project protects critical facilities [i.e., Hazardous Materials Facilities, Emergency Operation Centers, Power Facilities, Water Facilities, Sewer and wastewater treatment Facilities, Communications Facilities, Emergency Medical Care Facilities, Fire Protection, and Emergency Facilities (4 percent)].

All sub-applications will be ranked in descending order based on the National Ranking Scores. The highest scored sub-applications, representing 150 percent of funds available nationally for the competitive PDM program, will progress to the National Evaluation phase. FEMA may include the two highest scoring sub-applications from each State and the two highest scoring sub-applications from Tribal Applicants in the National Evaluation, if not already included in the 150 percent, to ensure a geographic spread of the applications considered. FEMA also may include sub-applications that are primarily focused on the National Priority to address NFIP repetitive flood loss properties among the project sub-applications that progress to the National Evaluation.

B. National Evaluation

National panels, chaired by FEMA and composed of FEMA headquarters and regional staff, other Federal agency staff, and State representatives, will convene to evaluate the sub-applications on the basis of additional predetermined qualitative factors to determine a National Evaluation Score. Mitigation planning and mitigation project activities will be evaluated as separate categories. All sub-applications will be considered equal at the beginning of the National Evaluation.

FEMA will ensure that panel evaluations are conducted consistently and fairly and that there are no conflicts of interest.

Evaluation factors for competitive **mitigation planning activities** and the respective weighting of each in the Evaluation are:

1) Feasibility of methodology and outcome (18 percent);
2) Implementation involves reasonable timeline and expectations (16 percent);
3) Sufficient staff and resources to implement (14 percent);
4) Consistency with the National priority to address NFIP repetitive flood loss properties; Federal laws and Executive Orders to include National Environmental Policy Act, National Historic Preservation Act, Clean Water Act, Floodplain Management, and Seismic Safety of Federal Buildings; and Federal programs such as American Heritage Rivers Initiative, SBA Mitigation Loan Program and EPA Watershed Initiative (11 percent);
5) Community mitigation initiatives to include tax credits, waiver of building permit fees, and building codes (10 percent);
6) Leverages State and local community involvement through partnerships (9 percent);
7) Appropriate outreach activities that advance mitigation (7 percent);
8) Serve as a model for other communities (7 percent);
9) Innovation and creativity used as part of the best available options (6 percent); and,
10) National Ranking score (2 percent).

Evaluation factors for **mitigation projects** and the respective weighting of each in the Evaluation are:

1) Feasibility of project methodology and outcome (15 percent);
2) Implementation involves reasonable timeline and expectations (14 percent);
3) Sufficient staff and resources to implement (13 percent);
4) Consistency with the National priority to reduce NFIP repetitive flood loss properties; Federal laws and Executive Orders to include National Environmental Policy Act, National Historic Preservation Act, Clean Water Act, Floodplain Management, and Seismic Safety of Federal Buildings; and Federal programs such as American Heritage Rivers Initiative, SBA Mitigation Loan Program and EPA Watershed Initiative (11 percent);

National Evaluation. National panels, chaired by FEMA and composed of FEMA headquarters and regional staff, other Federal agency staff, and State representatives, will convene to evaluate the sub-applications on the basis of additional predetermined qualitative factors to determine a National Evaluation Score. Mitigation projects and mitigation planning applications will be evaluated as separate categories.

5) Community mitigation initiatives to include tax credits, waiver of building permit fees, and building codes (9 percent);
6) Whether the project protects critical facilities (8 percent);
7) Leverages State and local community involvement through partnerships (7 percent);
8) Serves as a model for other communities (6 percent);
9) Durable financial and social benefits offered (5 percent);
10) Appropriate outreach activities that advance mitigation (5 percent);
11) Innovation and creativity used as part of the best available options (4 percent); and,
12) National Ranking Score (3 percent).

Each panelist will review multiple sub-applications. For each sub-application reviewed, the panelist will provide a score for each evaluation factor, which will generate a National Evaluation Score computed as the sum of the weighted factor scores. Panelists will then meet in groups to discuss each sub-application. A FEMA leader will be assigned to guide each panel. Panelists will present their assigned sub-application to the group and then each will provide a confidence rating for the sub-application using a 0 to 100 scale. A Confidence Factor for each sub-application will be calculated as the average of the panel's confidence ratings. The Confidence Factor for each sub-application will be factored into the National Evaluation Score, and a list of sub-applications will be created. In the event of a tie, the National Ranking Score will be used to break a tie.

XVI. Selection and Award

The Approving Federal Official shall consider the National Evaluation Score, the Confidence Factor, any comments and recommendations from the independent panelists, the National priority, and other pertinent information to determine which applications to select for award. After the sub-applications are selected, FEMA Regional offices will work with Applicants whose sub-applications are selected for award to implement the grant award.

Selection and Award. The Approving Federal Official at Headquarters shall consider the National Evaluation Score, any comments and recommendations from the independent panelists, and other pertinent information to determine which sub-applications to approve. After the sub-applications are selected, FEMA Regional offices will work with Applicants whose sub-applications are selected for award.

FEMA has determined, in accordance with 44 CFR 10.8 (d)(2)(iii), that mitigation planning activities are eligible for CATEX, having no impact on the environment and requiring no further environmental or historic preservation review, and will be awrded upon selection. Certain project activities do not require a level of review beyond a CATEX, and may be awarded after the CATEX eligibility is determined. Other project activities usually require more extensive review, or even an environmental assessment with alternatives addressed and/or historic preservation consultation. **For selected mitigation projects that require any level of environmental review or an environmental assessment, funds will not be awarded and the project cannot be initiated until FEMA has completed its review.** If, after review of the responses to the Environmental/Historic Preservation Established Questions and supporting documentation, and consultations with regulatory/resource agencies, FEMA determines that certain treatment measures are required to address the environmental/historic impacts of a proposed project, FEMA will notify the Applicant. The Applicant or Sub-applicant

may determine whether or not to accept the grant award based on the estimated additional cost of the treatment measures.

The amount of the Federal share will not be increased to cover any additional costs. Therefore, it is essential that Applicants and Sub-applicants include costs associated with any anticipated environmental/historic preservation alternatives or treatment measures identified through the development of the environmental/historic preservation documentation in the project budget at the time of application submission.

If an Applicant or Sub-applicant does not accept an award, then FEMA may use the funds to award additional applications or return them to the National Pre-Disaster Mitigation Fund for use in the next grant cycle.

XVII. Reconsideration

At its discretion, FEMA may review a decision where there is an indication of material, technical, or procedural error that influenced FEMA's decision. There will be no reconsideration regarding the amount of management costs; however, FEMA may amend an Applicant's management costs if additional applications are later selected for award. As grants are awarded on a competitive basis, FEMA will not entertain requests for reconsideration based upon the merits of an original application. Similarly, FEMA will not consider new information provided after the application period has closed. In the case of new information, FEMA encourages Applicants to incorporate this information into their applications for future grant cycles.

Requests for reconsideration based upon technical or procedural error should be directed to the Regional Director **within 60 days of the date of the notice of FEMA's decision.** The Regional Director will analyze the reconsideration request and make a recommendation to the Director of the Mitigation Division at Headquarters or his designee. A small percentage of funds will be set aside for reconsideration requests. If funds are available after reconsideration requests are analyzed, then the funds may be used to award additional grants or returned to the National Pre-Disaster Mitigation Fund for use in the next grant cycle.

Reconsideration.
At its discretion, FEMA may review a decision where there is an indication of a material technical or procedural error that influenced the decision. Reconsideration occurs only after FEMA has rendered final decisions. Requests for reconsideration based upon material, technical, or procedural error should be directed to the Regional Director within 60 days of receiving notice of FEMA's decision.

XVIII. Scope of Work

FEMA will not consider changes to the Scope of Work between the time the application period has closed and the selection and award process is completed. Requests for changes to the Scope of Work for selected and approved PDM activities after award are permissible as long as they do not change the nature of the project. Requests must be supported by adequate justification from the Applicant in order to be processed. The justification is a written explanation of the reason or reasons for the change; and outline of remaining funds available to support the change; and a description of the work necessary to complete the project. There is no guarantee that Scope of Work changes will be approved. **No Scope of Work changes will be approved for cost overruns.**

For acquisition projects, changes to the properties in an approved mitigation project will be considered but will not be approved automatically. The Applicant must have identified the alternate properties in the project application, including a BCA for each property. The alternate properties should not be included in the cost estimate or the overall project BCA. Eligible properties may be substituted as long as the substitution does not change the overall nature of the project or increase the amount of the Federal share.

XIX. Performance Period

The performance period is the period of time specified in the Agreement Articles during which the grant recipient is expected to perform the activities and to incur and expend funds approved for PDM activities. The performance period for the grant shall be equal to the longest performance period of the sub-grants awarded to the Grantee.

Mitigation planning grant performance periods are limited to two years. A draft plan must be submitted for review by FEMA within 18 months, and a final plan must be submitted to FEMA within two years of award.

Mitigation project grant performance periods are limited to three years. Designs must be completed and construction contracts must be awarded within 12 months. Mitigation projects must be completed within three years of award.

The grant recipient has up to 90 days following the expiration of the performance period to liquidate valid expenditures incurred during the performance period. Unexpended funds, or cost underruns, remaining after the performance period expiration date must be reported to FEMA for de-obligation. Cost underruns from one Sub-grantee cannot be used to meet another Sub-grantee's cost overrun.

XX. Extensions

Requests for time extensions to the performance period will be considered but will not be approved automatically. Requests for a period of performance extension must be submitted in writing to the Regional Director and must be supported by adequate justification in order to be processed. This justification is a written explanation of the reason or reasons for an extension to the performance period and must demonstrate that work is in progress and that the work can be completed within the extended period of performance. The justification must address the following areas to enable the review of extension requests:

1) **Submission Date:** The request must be submitted at least 60 days prior to the expiration date of the performance period.
2) **Reason for Delay:** Identify the status of the activity and give a brief description for the delay (e.g., weather conditions).
3) **Budget:** Identify the remaining funds, both FEMA share and cost share, available for the extended period and outline how the funds will be used. Identify source of additional funding if remaining FEMA funds and cost share will not support the extension request.

4) **Plan for Completion:** Identify the objectives necessary to complete the activity, completion date for each objective, and list the position/person responsible for oversight of completion of the activity.
5) **Completion Date:** Identify the projected completion date for the activity.
6) **No change of scope:** Provide a certification that the activity will be completed within the extended period without any modification to the activity approved by FEMA.

In reference to the Financial and Acquisition Management Division's Extension Policy, the Regional office may extend the performance period by up to one year. If a second extension becomes necessary, an additional formal written request must be submitted to the Regional Director. As with the first request, the second extension request must be made no later than 60 days prior to the expiration of the period of performance and must include a justification for the extension. The Regional office will make a recommendation and submit the second request to the Senior Procurement Executive at Headquarters, who will process the request in coordination with the Headquarters Mitigation Division. The total period of performance should not exceed 5 years.

Should any sub-grant performance period be extended, the grant recipient performance period will need to be extended; however, the extension should be conditioned so that all completed sub-grants are closed out within their individual performance periods.

XXI. Reporting Requirements

The following reports are required from Recipients that are awarded PDM competitive grants:

A. Federal Cash Transaction Reports
If the Recipient uses the HHS Payment Management System-SMARTLINK, the Recipient shall submit a copy of the PMS 272 Cash Transaction Report that is submitted to the Federal Health and Human Services (HHS) to FEMA as well.

B. Financial Status Reports
The Recipient shall submit Financial Status Reports, SF269 or FF 20-10 to the FEMA regional office within 30 days from the end of the first federal quarter following the initial grant award. The Regional Director may waive this initial report. The Recipient shall submit quarterly financial status reports thereafter until the grant ends. Reports are due on January 30, April 30, July 30, and October 30.

C. Performance Reports
1) The Recipient shall submit performance/progress reports for each sub-grant award approved under PDM to the FEMA Regional Office within 30 days from the end of the first Federal quarter following the

initial grant award. The Regional Director may waive the initial report. The Recipient shall submit quarterly performance/progress status reports thereafter until the grant ends. Reports are due on January 30, April 30, July 30, and October 30.

2) Progress reports must include activity name or other identification; completion status, including reason why an activity may not be progressing; expenditure; and payment-to-date information.

D. Final Reports
The Recipient shall submit a Final Financial Status Report and Performance Report within 90 days from Grant Award Performance Period expiration date, per 44 CFR 13.50.

The Regional Director may suspend drawdowns from the HHS/Payment Management System-SMARTLINK if quarterly reports are not submitted on time.

XXII. Other Information

A. The Catalog of Federal Domestic Assistance (CFDA) number is 83.557.

B. Contact information for the FEMA Regional Offices is provided on the FEMA website: http://www.fema.gov/regions/ and also is listed here for your information.

FEMA Region I - Serving Maine, New Hampshire, Vermont, Rhode Island, Connecticut, and Massachusetts: J.W. McCormack POCH Building, Boston, MA 02109. (617)223-9540.

FEMA Region II - Serving New York, New Jersey, Puerto Rico, and the U.S. Virgin Islands: 26 Federal Plaza, Rm. 1307, New York, NY 10278-0001. (212) 680-3600.

FEMA Region III - Serving the District of Columbia, Delaware, Maryland, Pennsylvania, Virginia, and West Virginia: 1 Independence Mall, 6th Floor, 615 Chestnut Street, Philadelphia, PA 19106-4404. (215) 931-5608.

FEMA Region IV- Serving Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee: 3003 Chamblee Tucker Road, Atlanta, GA 30341. (770) 220-5200.

FEMA Region V - Serving Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin: 536 S. Clark Street, 6th Floor, Chicago, IL 60605. (312) 408-5500.

FEMA Region VI - Serving Arkansas, Louisiana, New Mexico, Oklahoma, and Texas: FRC 800 North Loop 288, Denton, TX 76209-3698. (940) 898-5399.

FEMA Region VII - Serving Iowa, Kansas, Missouri, and Nebraska: 2323 Grand Avenue, Suite 900, Kansas City, MO 64108-2670. (816) 283-7061.

FEMA Region VIII - Serving Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming: Denver Federal Center, Building 710, Box 25267, Denver, CO 80225-0267. (303) 235-4800.

FEMA Region IX - Serving Arizona, California, Hawaii, Nevada, the Territory of American Samoa, the Territory of Guam, and the Commonwealth of the Northern Mariana Islands: 1111 Broadway, Suite 1200, Oakland, CA 94607-4052. (510) 627-7100.

FEMA Region X - Serving Alaska, Idaho, Oregon, and Washington: Federal Regional Center, 130 228th Street, SW, Bothell, WA 98021. (425) 487-4600.

C. The Supplemental Questions for the National Ranking and Evaluation process for the PDM competitive grant are provided in Attachment II.

D. A Model Deed Restriction is provided in Attachment III.

E. Guidelines for Benefit-Cost Analysis of PDM Application is provided in Attachment IV.

F. Environmental/Historic Preservation Guidance & Established Questions are provided in Attachment V.

G. Draft Agreement Articles are provided in Attachment VI.