

# DISASTER RECOVERY

Adjusters International Disaster Recovery Consulting — FEMA Recovery Issues for Decision-Makers and Leaders

**TODAY**

## Mitigation Funding in the FEMA Public Assistance Program



### EDITOR'S NOTE

*In this 9th edition of Disaster Recovery Today, FEMA's mitigation funding through the 404 and 406 programs is explored; their history, benefits and importance to communities.*

*As always, we welcome your comments and suggestions for topics you'd like to see covered in upcoming issues. We hope you will find this edition interesting and informative reading.*

—Sheila E. Salvatore, Editor

FEMA's Public Assistance (PA) program has evolved into one that gives the president extraordinary powers—not only in mustering federal resources to aid communities that have been overwhelmed by disaster—but also in the allocation of hazard mitigation funding.

Mitigation is the effort to reduce loss of life and property by lessening the impact of disasters. The PA program is designed as a reimbursement program to aid in making communities whole after a disaster. The program's basic structure calls for a partnership among the participating federal,

state and local governments whose responsibility it is to work together to restore communities back to pre-disaster conditions both physically and fiscally.

As a means of meeting this objective, mitigation funding is available through Public Assistance 404 and 406 mitigation funding programs.<sup>1</sup> As defined in the Robert T. Stafford Act, hazard mitigation funding is made available through the two programs if mitigation measures are deemed cost-effective.<sup>2</sup>

The 404 program does not necessarily apply to damaged

<sup>1</sup> Federal Emergency Management Agency, *Policy Digest*, March 1999.

<sup>2</sup> Federal Emergency Management Agency, 9526.1 Hazard Mitigation Funding, July 30, 2007.



facilities resulting from the current declared disaster. It focuses, rather, on repetitive damages from past disasters and funds new or improved facilities.

In contrast, the 406 program focuses on the current declared disaster and the actual elements or systems that were damaged as a direct result. In the 406 program, FEMA will do more than fund the repair or replacement of the damaged facility to its pre-disaster design, function and capacity. It will also authorize additional funding to modify the damaged facility in order to mitigate potential future damage.

### **The 404 Program**

The Hazard Mitigation Grant Program (HMGP) was created in 1988 by the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The HMGP assists states and local communities in implementing long-term hazard

mitigation measures following a major disaster declaration. In 1993, the president signed the Hazard Mitigation and Relocation Assistance Act, which amended Section 404 to increase federal funding of HMGP projects to 75 percent of the project's total eligible costs. For disasters declared before June 10, 1993, the federal share for the program was 50 percent.<sup>3</sup>

The 404 program is a mitigation program administered by the state grantee and funded by FEMA. Once the president declares a major disaster eligible and FEMA determines the cost of that disaster, additional funding will be made available to the state exclusively for HMGP 404 mitigation projects. Municipalities, counties, non-profits and the like may receive this funding at a 75 percent cost share from the federal government for approved, cost-effective mitigation projects.

Some examples of 404 mitigation projects might include: building a retention pond to keep a downstream community from flooding during the spring snow melt; building a flood wall to help prevent the flooding of a hospital; or installing hurricane shutters on the local police department for protection during a hurricane.

Any eligible 404 mitigation project must be included on the state's long-range mitigation plan, be deemed cost-effective, and be approved before funding is made available. It is the applicant's responsibility to submit proposed projects for the long-range mitigation plan. Such plans can be submitted prior to or post-disaster. Additionally, the state must gather all of the eligible plans from applicants and rank them by cost-effectiveness. The projects usually are funded in order from the most to the least cost-effective. The 404 program has limited funding, which oftentimes produces competition among applicants. Those not fortunate to receive funding must wait until additional funding is made available through a future declaration.

The Post-Katrina Emergency Management Reform Act of 2006 calls for some significant changes to the 404 Mitigation Program. These include increasing the flexibility of the mitigation program to allow a broader scope of mitigation projects and implementation of a sliding scale funding schedule. The funding schedule is 15 percent for disaster amounts not more than \$2 billion; 10 percent for disaster amounts between \$2-\$10 billion; and 7.5 percent for disaster amounts between \$10-\$35.333 billion.



<sup>3</sup> Federal Emergency Management Agency, "What is the Hazard Mitigation Grant Program – BACKGROUND," Release Number: 1299-35b, October 1999.



FEMA will fund the approved projects at 75 percent, but the applicant must secure the 25 percent matching funds prior to receiving funding from FEMA. This can be very difficult for small communities or those that have limited budgets as the process can take years. It's also important to note that projects funded through the 404 Mitigation Program must be deemed cost-effective before they are considered for funding. Applicants considering a 404 mitigation project should develop a long-term mitigation strategy and contact the state hazard mitigation officer as soon as possible to assist in the process.

**The following is from the Federal Emergency Management Agency Web site (2006).**

### ***The process***

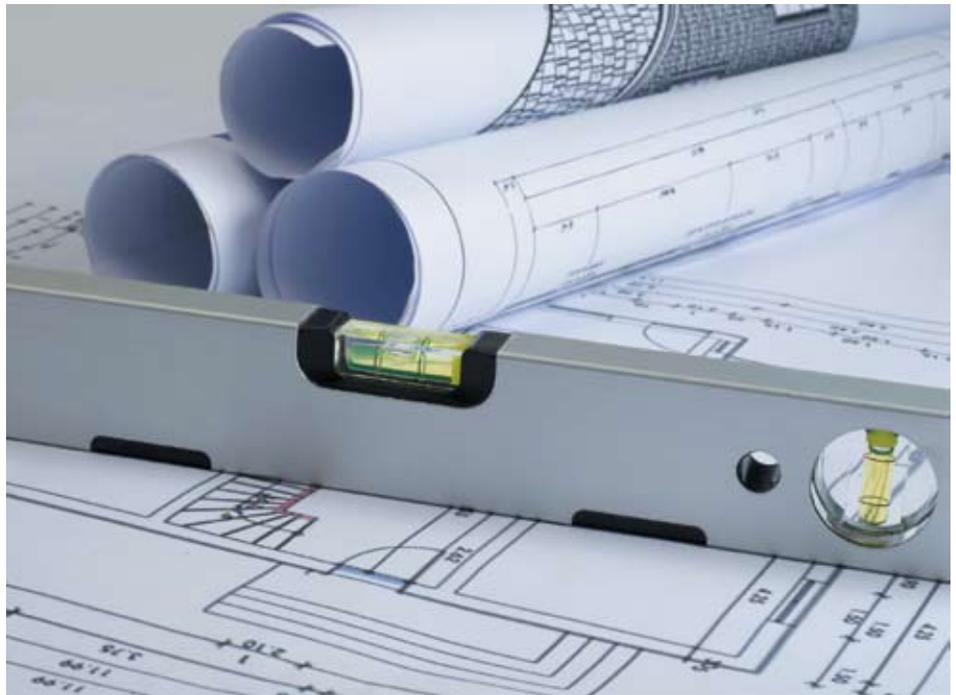
As outlined by FEMA's Hazard Mitigation Grant Program information page, the following answers some of the basic questions regarding the HMGP process.

### ***Who is eligible to apply?***

Hazard Mitigation Grant Program funding is only available to applicants that reside within a presidentially declared disaster area. Eligible applicants include:

- State and local governments
- Indian tribes or other tribal organizations
- Certain non-profit organizations

Individual homeowners and businesses may not apply directly to the program; however a community may apply on their behalf.



### ***What types of projects can be funded by the HMGP?***

HMGP funds may be used to fund projects that will reduce or eliminate the losses from future disasters. Projects must provide a long-term solution to a problem. An example of this would be the elevation of a home to reduce the risk of flood damages as opposed to buying sandbags and pumps to fight the flood. In addition, a project's potential savings must be more than the cost of implementing the project. Funds may be used to protect either public or private property or to purchase property that has been subjected to, or is in danger of, repetitive damage.

### ***How are potential projects selected and identified?***

The state's administrative plan governs how projects are selected for funding. However, proposed projects must meet certain minimum criteria. These criteria are designed to ensure that the most cost-effective and appropriate

projects are selected for funding. Both the law and the regulations require that the projects are part of an overall mitigation strategy for the disaster area.

The state prioritizes and selects project applications developed and submitted by local jurisdictions. The state forwards applications consistent with state mitigation planning objectives to FEMA for eligibility review. Funding for this grant program is limited and states and local communities must make difficult decisions as to the most effective use of grant funds.

### ***What are the minimum project criteria?***

There are five issues that must be considered when determining the eligibility of a proposed project:

- Does the project conform to the state's hazard mitigation plan?
- Does the project provide a beneficial impact on the disaster area, i.e. the state?



- Does the application meet the environmental requirements as explained on the FEMA Environmental Program site?
- Does the project solve a problem independently?
- Is the project cost-effective?

### ***How much money is available in the HMGP?***

The amount of funding available for the HMGP under a particular disaster declaration is limited. The HMGP program funding is allocated using a “sliding scale” formula based on the percentage of the funds spent on Public and Individual Assistance Programs for each presidentially declared disaster. For states with a Standard State Mitigation Plan, the formula provides 15 percent of the first \$2 billion of estimated aggregate amounts of disaster assistance;

10 percent for the next portion of amounts between \$2 billion and \$10 billion; and 7.5 percent for the next portion of amounts between \$10 billion and \$35.333 billion. States that meet higher mitigation planning criteria may qualify for a higher percentage under the Disaster Mitigation Act of 2000.

FEMA can fund up to 75 percent of the eligible costs of each project. The state or grantee must provide a 25 percent share, which can be fashioned from a combination of cash and in-kind sources. Funding from other federal sources cannot be used for the 25 percent share with one exception. Funding provided to states under the Community Development Block Grant Program from the Department of Housing and Urban Development can be used to meet the non-federal share requirement.

### ***How do I apply for the HMGP?***

Following a disaster declaration, the state will advertise that HMGP funding is available to fund mitigation projects. Those interested in applying to the HMGP should contact their local government to begin the application process.

### ***What is the deadline for applying for HMGP funds?***

Applications for mitigation projects are encouraged as soon as possible after the disaster occurs so that opportunities to pursue mitigation are not lost during reconstruction. The state will set a deadline for application submittal.

### ***How long will it take to get my project approved?***

It is important for applicants to understand the approval process. Once eligible projects are selected by the state, they are forwarded to the FEMA Regional Office where they are reviewed to ensure compliance with federal laws and regulations. One such law is the National Environmental Policy Act, passed by Congress in 1970, which requires FEMA to evaluate the potential environmental impacts of each proposed project. The time required for the environmental review depends on the complexity of the project.

### ***The 406 Program***

The 406 program allows mitigation measures to be funded for permanent projects involving eligible facilities that were damaged or destroyed during the event generating the disaster declaration. The key is that the damage must have been a direct result of the declared event. As opposed to the 404 program, there



is no limit on how much can be funded through this program. If the facility has been damaged by the event, then it is eligible for 406 mitigation funding related to the permanent repairs. While applicants are still responsible for their cost share of any project, the federal share will be at least 75 percent.

According to FEMA, "Mitigation measures must be determined to be cost-effective. Any one of the following means may be used to determine cost-effectiveness: measures may amount to up to 15 percent of the total eligible cost of the eligible repair work on a particular project. Certain mitigation measures will be determined to be cost-effective as long as the mitigation measure does not exceed the eligible cost of the eligible repair work on the project. For measures that exceed the above costs, the grantee or subgrantee (applicant) must

demonstrate through an acceptable benefit/cost analysis that the measure is cost-effective."<sup>4</sup>

### **Potential Mitigation Measures**

The potential mitigation measures are determined to be cost-effective if they:

- Do not exceed 100 percent 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.<sup>4</sup>

The charts on pages 6 and 7 include a list of the current pre-approved projects. If a project is on FEMA's list for pre-approved projects, FEMA will not only pay for the repair to bring the facility back to pre-disaster design, function and capacity, but it will offer an additional 100 percent to mitigate the project, minus the state's and applicant's cost share.

For example, if it costs \$2 million to replace a flooded building, FEMA will approve up to an additional \$2 million in mitigation measures that are included on FEMA's list of pre-approved projects. Funding beyond the additional 100 percent can be offered if the project passes an approved FEMA benefit/cost analysis. Unlike the 404 Mitigation Program, there is no cap on the amount of funding for this program.

*(continued on page 8)*



*Flood wall protecting homes.*

<sup>4</sup> Federal Emergency Management Agency, 9526.1 Hazard Mitigation Funding, July 30, 2007.



## 406 PROGRAM — PRE-APPROVED PROJECTS

### Infrastructure Systems

#### *Drainage/crossings and bridges*

- Drainage structures
- Culverts
- Headwalls and wing walls
- Low-water crossings
- Gabion baskets, riprap, sheet piling, and geotextile fabric installation
- Roadways
- Restraining cables on bridges

#### *Sanitary and storm sewer systems*

- Access covers
- Sewer lines
- Pump stations

#### *Wastewater treatment plants*

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

#### *Potable water*

- Well systems
- Raw water intakes
- Water treatment plants

#### *Electric power distribution*

- Pad-mounted transformers
- Using multiple poles to support transformers
- Anchoring or otherwise protecting fuel tanks from movement in a disaster
- Replacing damaged poles with higher-rated poles, of the same or different material such as replacing wood poles with precast concrete or steel
- Adding guy wire or other additional support to power lines
- Removing large diameter lines from poles
- Providing looped distribution service or other redundancies in the electrical service to critical facilities

#### *Above-ground storage tanks*

- Strengthening or stiffening base connections.
- Installation of self-initiating disconnects and shut-off valves

#### *Underground pipelines*

- Installation of shut-off valves so that damaged sections of pipeline can be isolated





## 406 PROGRAM — PRE-APPROVED PROJECTS

### Buildings - General

#### **General effects of flood damage**

- Buildings substantially damaged under NFIP regulations – Repair, dry flood-proofing, or elevation
- Buildings not substantially damaged under NFIP – If technically feasible, dry flood-proofing

#### **Roofs**

- Low-slope roofs
- Curbing and flashing
- Damage to soffits, overhangs, roof openings
- Roof-mounted equipment should be attached to a foundation that will resist expected wind forces
- Hurricane clips

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

- All windows on critical facilities such as hospitals
- The lower floors of buildings with windows most likely to be struck by debris
- Windows of buildings with very high value contents such as libraries and document centers that can be damaged by water
- Windows of buildings subject to debris from nearby ballasted roofs, metal buildings, manufactured homes or other structures likely to fail and result in debris

#### **Anchoring**

- Anchoring of mechanical and electrical in critical facilities
- Anchoring smaller ancillary buildings to prevent toppling

#### **Flexible piping**

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

#### **Bracing**

- Bracing of overhead pipes and electrical lines to meet seismic loads
- Bracing interior walls and partitions that could collapse, preventing safe exit from the building

- 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

#### **Replacement of glass**

- Replacement of glass with impact-resistant material

#### **General buildings**

- Buildings – Where spread footings have been undercut by scour
- Siding – If siding has been damaged by wind
- Venting – Where there has been water damage caused by water intrusion through venting

#### **Doors and windows**

- Where damage has resulted from wind and water intrusion around weather stripping on doors and/or windows
- Where damage has been caused by wind-induced failure of doors

#### **Miscellaneous structures**

- Marine piers – If marine pier ramps that attach to decking have been damaged by storm-surge uplift and buoyancy
- Signage – If sign panels and their supports have failed
- Gutters and downspouts – If damaged by either wind and/or water

**At the time of publication, this was the most current information offered at [www.fema.gov](http://www.fema.gov). Readers should reference this site for continually updated information.**



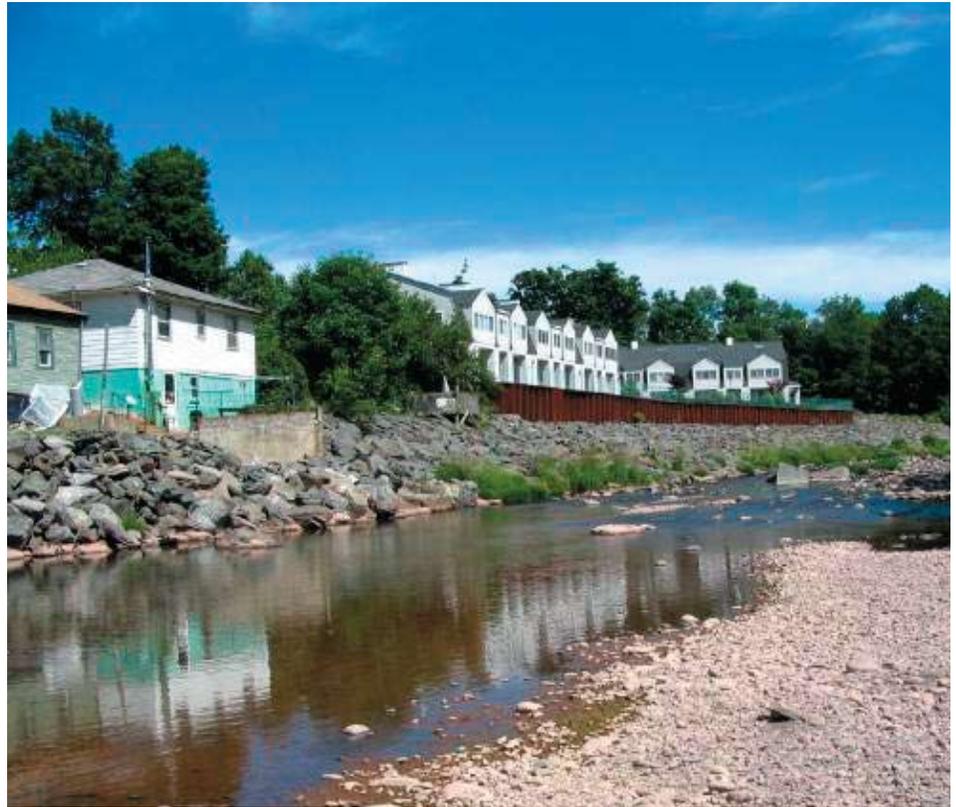


The 406 Mitigation Program presents an opportunity for applicants to fortify their infrastructure against future catastrophic events. FEMA and most states provide hazard mitigation officers—at the request of the applicant—to aid in formulating 406 mitigation proposals. However, it is the applicant's responsibility to identify and document the mitigation opportunities during Public Assistance project formulation.

### Conclusion

Mitigation is valuable to society in many ways. It creates stronger, safer and more resilient communities and infrastructure. It also has the potential to save lives and lessens the economic impact on a community following a disaster. According to the Multi-Hazard Mitigation Council, every dollar spent on mitigation saves society an average of four dollars.

“Formulating mitigation projects is something we do for our clients



*Sheet piling and riprap protecting improved property.*

and we have had a great deal of success with it,” said Ronald Cuccaro, president and CEO of Adjusters International. “Not only are the Public Assistance 404 and 406 mitigation programs

highly effective tools in funding mitigation projects for PA applicants, they are an essential element in any applicant's all-hazards approach, preparedness plan and recovery process.”

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