

FY 2007 Repetitive Flood Claims (RFC) Program Guidance

November 3, 2006



FEMA



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FEMA

FY 2007 REPETITIVE FLOOD CLAIMS (RFC) PROGRAM OVERVIEW

BACKGROUND

The Repetitive Flood Claims (RFC) grant program provides funding to reduce or eliminate the long-term risk of flood damage to structures insured under the National Flood Insurance Program (NFIP) that have had one or more claim payments for flood damages. RFC funds may only mitigate structures that are located within a State or community that can not meet the requirements of the Flood Mitigation Assistance (FMA) program for either cost share or capacity to manage the activities.

FY 2007 RFC PROGRAM

The long-term goal of RFC is to reduce or eliminate claims under the NFIP through mitigation activities that are in the best interest of the National Flood Insurance Fund (NFIF). The RFC program is limited to acquisition activities due to the time constraints placed on the program in the authorizing legislation. Properties appropriate for the application of other mitigation techniques should be submitted under one of FEMA's other mitigation grant programs
[:http://www.fema.gov/government/grant/fs_mit_grant_prog.shtm](http://www.fema.gov/government/grant/fs_mit_grant_prog.shtm)

Applications will be accepted for any insured property that has one or more claim payments for flood damages and is located within a State or community that can not meet the requirements of the FMA program for either cost share or capacity to manage the activities stipulations. RFC awards will prioritize acquisition projects that create the greatest savings to the NFIF based on a Benefit-Cost Analysis (BCA).

KEY POINTS

FY 2007 RFC Guidance: FY 2007 RFC guidance document is available from any FEMA Regional Office or on the FEMA web page:
<http://www.fema.gov/government/grant/rfc/index.shtm>

Application Period: Grant applications for FY 2007 RFC program funds must be received by the Director of the Applicant's respective FEMA Regional Office by **February 28, 2007, 5:00 p.m. (Regional Office local time)**.

USES OF FUNDS

Funds: RFC grants are awarded nationally without reference to State allocations, quotas, or other formula-based allocation(s) of funds. Congress appropriated \$10 million for the FY 2007 program.

Eligible Activities: FY 2007 RFC funds are available for mitigation projects that:

- Acquire insured properties that have one or more claim payments for flood damages; and
- Demolish or relocate structures, with conversion of property to deed-restricted open-space use.

Cost-share: All RFC grants are eligible for up to 100% Federal assistance.

NFIP Participation: All Applicants and Sub-applicants must be participating in the National Flood Insurance Program (NFIP) and must not be suspended or withdrawn from the NFIP. RFC funds shall not be awarded for activities in non-participating communities.

Property owners must have a flood insurance policy on the structure to be mitigated that is current at the time of application and maintained through award.

ELIGIBILITY REQUIREMENTS

Applicant Eligibility: Only the following entities are eligible to apply to FEMA as Applicants: State emergency management agencies or a similar office of the State (*i.e.*, the office that has primary emergency management or floodplain management

Mitigation Plan Requirement: To be eligible for RFC grants, an eligible Applicant must have a FEMA-approved State Mitigation Plan (*e.g.*, Standard or Enhanced) in compliance with 44 C.F.R. §201. A

responsibility); the District of Columbia; the U.S. Virgin Islands; the Commonwealth of Puerto Rico; American Samoa; the Commonwealth of the Northern Mariana Islands; and Federally-recognized Indian tribal governments. Each State, Territory, or Indian tribal government shall designate one agency to serve as the Applicant for the RFC program.

Sub-applicant Eligibility: State-level agencies; Federally-recognized Indian tribal governments; and local communities (to include State-recognized Indian tribes, authorized Indian tribal organizations, and Alaska Native villages) are eligible to apply to the Applicant for assistance. Private individuals and Private Non-Profit (PNP) organizations are **not** eligible Sub-applicants; however, a relevant State agency or local community may apply to the Applicant for assistance to mitigate private or PNP structures.

Reduced Capacity Requirement: RFC funds may only be awarded if the Applicant has certified, either:

- The State and the community are not able to meet the 25% non-Federal match that would otherwise make the activity eligible under the Flood Mitigation Assistance (FMA) program; or
- The State or community does not have the capacity to manage the activities under the FMA program.

local mitigation plan is not required to receive RFC funds.

APPLICATION PROCESS

Application Process: Applicants **must** use OMB-approved grant administrative forms (*e.g.*, SF 424, FF 20-20, 20-16, SF-LLL, and sub-applications) for the FY 2007 RFC Grant application.

The Grant application **must** include a project sub-application for each separate project proposed. Project sub-applications are available online to print or copy from the FEMA website at <http://www.fema.gov/government/grant/rfc/index.shtm>. Applications will **not** be accepted electronically via eGrants in FY 2007.

Applicants must provide an original and two copies of the Grant application, project sub-applications and any supporting documentation (*e.g.*, engineering drawings, photos, maps, BCA) to the Applicant's respective FEMA Regional Office **by February 28, 2007, 5:00 p.m. (Regional Office local time)**.

Benefit-Cost Analysis: A Benefit-Cost Analysis (BCA) is required for each project sub-application. Only FEMA-approved BCA methodologies may be used to meet this requirement.

Technical Assistance: FEMA will provide technical assistance by answering questions about the RFC program, as well as providing general technical assistance related to project engineering feasibility, Benefit-Cost Analysis, and Environmental/Historic Preservation compliance.

Application Period: Grant applications for FY 2007 RFC program funds must be received by the Director of the Applicant's respective FEMA Regional Office **by February 28, 2007, 5:00 p.m. (Regional Office local time)**.

Grants.gov: Application instructions for the FY 2007 RFC program are also available through <http://www.grants.gov/>. Grants.gov is the single source for locating information on all Federal government grant opportunities.

Technical Assistance Helplines: Technical assistance for engineering feasibility, Benefit-Cost Analysis, and Environmental/Historic Preservation compliance is available through the Technical Assistance Helplines:

Phone:
(866) 222-3580 (toll free)

E-mail:
enghelpline@dhs.com
bchelpline@dhs.com
ehhelpline@dhs.com

APPLICATION REVIEW & SELECTION

Application Review: FEMA will review each project sub-application to ensure the following:

Technical Review: Eligible and complete project sub-applications will be forwarded to FEMA HQ

- Eligibility of the Applicant/Sub-applicant
- Eligibility of proposed activities, properties and costs
- Completeness of the Scope of Work
- Completeness of the Cost Estimate and consistency with the Scope of Work
- Consistency of the proposed activity with the goals and objectives of the Applicant's State/Indian tribal hazard mitigation plan
- Feasibility and effectiveness of mitigation projects, including supporting documentation
- Benefit-cost ratio of 1.0 or greater for each project sub-application
- Technical accuracy, complete supporting documentation and source credibility of benefit-cost analysis for each project sub-application
- Supporting documentation and appropriate mitigation measures for environmental and historic preservation compliance
- Demonstrated reduced capacity or lack of non-federal cost share under FMA program for State or community

Sub-applications that do not satisfy the eligibility and completeness requirements will be removed from consideration.

where a technical review of BCA's will be conducted to verify cost-effectiveness for each project sub-application.

Application Ranking: Eligible mitigation project sub-applications will be ranked in the order of the greatest savings to the NFIF as demonstrated by the verified BCA. FEMA may also select individual properties from within a larger project, where appropriate to achieve the greatest savings to the NFIF.

Environmental Review: FEMA will complete the environmental/historic preservation compliance review for selected projects for further review as part of pre-award activities. **Funds may not be awarded and the project can not be initiated until FEMA has completed the environmental/historic preservation review.**

FEMA strongly encourages Applicants/Sub-applicants to coordinate with relevant State or Federal agencies as soon as possible in order to identify any environmental or historic preservation compliance issues associated with proposed projects.

AWARDS

Selection/Award: FEMA will notify Applicants of project sub-applications selected for award. FEMA Headquarters will grant awards for project sub-applications based on the national ranking of projects and program priorities up to the amount of funds available. FEMA may select individual properties from within a project application for award, where appropriate to achieve the greatest savings to the NFIF.

Unsuccessful Applications: FEMA will notify Applicants of project sub-applications that are not selected for award by the Approving Federal Official.

Award Deadline: All FY 2007 RFC grants must be awarded **no later than September 30, 2007.**

Applicants with project sub-applications selected for award will be notified of the date by which all pre-award activities must be completed.



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FY 2007 REPETITIVE FLOOD CLAIMS (RFC) PROGRAM LIST OF ACRONYMS

ACRONYM	DEFINITION
BCA	Benefit-Cost Analysis
BCR	Benefit-Cost Ratio
BEA	Bureau of Economic Analysis (Department of Commerce)
CATEX	Categorically Excluded
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CRBA	Coastal Resource Barrier Act
DHS	Department of Homeland Security
eGrants	Electronic Grants System (FEMA)
ESA	Endangered Species Act
DUNS	Data Universal Numbering System
FEMA	Federal Emergency Management Agency
FHBM	Flood Hazard Boundary Map
FIRM	Flood Insurance Rate Map
FIS	Flood Insurance Study
FMA	Flood Mitigation Assistance Program
FY	Fiscal Year
GIS	Geographic Information System
HAZUS	Hazards United States (FEMA)
HHS	Department of Health and Human Service
HUD	Department of Housing and Urban Development
ICC	Increased Cost of Compliance (NFIP)
NEPA	National Environmental Policy Act
NFIA	National Flood Insurance Act
NFIF	National Flood Insurance Fund
NFIP	National Flood Insurance Program
NHPA	National Historic Preservation Act
NOAA	National Oceanic and Atmospheric Administration
OMB	Office of Management and Budget
PDM	Pre-Disaster Mitigation Program (FEMA)
PNP	Private Non-Profit
POC	Point of Contact
RFC	Repetitive Flood Claims Program
SRL	Severe Repetitive Loss
SOW	Scope of Work
SQANet	Simple and Quick Access Net
USBLS	United States Bureau of Labor Statistics

SECTION 1 GRANT APPLICATION GUIDANCE

1.1 PURPOSE

The Repetitive Flood Claims (RFC) grant program provides funding to reduce or eliminate the long-term risk of flood damage to structures insured under the National Flood Insurance Program (NFIP) that have had one or more claim payments for flood damages. RFC funds may only mitigate structures that are located within a State or community that can not meet the requirements of the Flood Mitigation Assistance (FMA) program for either cost share or capacity to manage the activities. The long-term goal of the RFC program is to reduce or eliminate flood claims under the NFIP through mitigation activities that are in the best interest of the National Flood Insurance Fund (NFIF).

<p>Grant applications submitted for FY 2007 RFC funds MUST be received by the Director of the Applicant's respective FEMA Regional Office (see <i>Section 1.15., Regional Contact Information</i>) by February 28, 2007, 5:00 p.m. (Regional Office local time).</p>

1.2 AUTHORIZATION AND APPROPRIATION

1.2.1 AUTHORIZATION

The RFC grant program was created pursuant to Section 1323 of the National Flood Insurance Act of 1968 (NFIA, or "the Act"), 42 U.S.C. 4030, as amended by the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004, Public Law 108-264, with the goal of reducing flood damages to individual properties for which one or more claim payments for losses have been made under flood insurance coverage and that will result in the greatest savings to the NFIF in the shortest period of time. The Catalog of Federal Domestic Assistance (CFDA) number is 97.092.

1.2.2 APPROPRIATION

On October 4, 2006, the Department of Homeland Security Appropriations Act, 2007 of Public Law 109-295, authorized \$10 million to support activities under the RFC program. RFC grants will be awarded on a national basis without reference to State allocations, quotas or other formula-based allocation(s) of funds. The funding source for the RFC grant program is the NFIF. FY 2007 RFC funds are available for Federal obligations through September 30, 2007.

1.3 GRANT PROGRAM ELIGIBILITY

1.3.1 ELIGIBLE PROPERTIES

All residential or non-residential properties with one or more claims to the NFIP are eligible to apply for RFC funds.

1.3.2 ELIGIBLE APPLICANTS

Only the following entities are eligible to apply to FEMA for RFC grants: State emergency management agencies or a similar office of the State (*i.e.*, the office that has primary

emergency management or floodplain management responsibility); the District of Columbia; the U.S. Virgin Islands; the Commonwealth of Puerto Rico; American Samoa; the Commonwealth of the Northern Mariana Islands; and Federally-recognized Indian tribal governments. Each State, Territory, or Indian tribal government shall designate **one** agency to serve as the Applicant for the RFC program.

Consistent with FEMA policy and 44 CFR “Government-to-Government Relations with American Indian and Alaska Native Indian tribal Governments,” published in the January 12, 1999, issue of the Federal Register, Federally-recognized Indian tribal governments may choose to apply for RFC 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 Indian tribe chooses, the Indian tribal government may act as an Applicant. If awarded, the Indian tribal government therefore assumes the full responsibilities of a Grantee for the purposes of administering the grant. FEMA has determined that the unique status of Indian tribal governments justifies providing this option to apply directly to FEMA. However, when legally permitted, Indian tribal governments are encouraged to continue existing relationships with the State.

1.3.3 ELIGIBLE SUB-APPLICANTS

Only the following entities are eligible to apply through the Applicant for assistance:

- State-level agencies;
- Federally-recognized Indian tribal governments including State-recognized Indian tribes, authorized Indian tribal organizations, and Alaska Native villages; and
- Local communities.

Private non-profit (PNP) organizations and individuals are **not** eligible Sub-applicants; however, a relevant State agency or local community may apply to the Applicant for assistance to mitigate private or PNP structures. **Only those NFIP-participating Indian tribal governments, or NFIP-participating communities that are not suspended or withdrawn from the NFIP are eligible to receive RFC grant funds.**

1.4 ELIGIBLE ACTIVITIES AND ASSOCIATED COSTS

The RFC program provides up to 100 percent federally funded project grants to States and communities for acquisition of any property insured under the NFIP that has one or more claim payments for flood damages. Project activities are described further under *Section 2, Mitigation Project Sub-application Guidance*.

For FY 2007, FEMA has determined that the RFC program will be limited to acquisition activities, and the associated structure removal through demolition or relocation. Acquisition projects will be prioritized in the order that will create the greatest savings to the NFIF, based on those that are most cost-effective as demonstrated through a Benefit-Cost Analysis (BCA). FEMA may select individual properties for funding from within a larger project, where appropriate, to the greatest savings to the National Flood Insurance Fund.

The RFC program is limited to property acquisition in response to the limited period of availability of funds. RFC funds are only available for award through the end of Fiscal Year 2007. RFC is the only FEMA mitigation program that is limited solely to property acquisition. For circumstances where other mitigation measures may be appropriate for a structure, FEMA recommends that Applicants and Sub-applicants submit these properties under FEMA's other mitigation programs, all of which consider the range of eligible mitigation measures beyond acquisition.

Applications may include direct or indirect costs anticipated to support the management of RFC project activities that are awarded RFC funds (see *Section 1.5., Grantee Management Costs*, and *Section 2.5.1., Sub-grantee Management Costs*).

1.5 GRANTEE MANAGEMENT COSTS

Applicants may request a maximum of up to 10 percent of the total funds requested in their RFC grant application budget for management costs to support the project sub-applications.

Applicants requesting management costs MUST itemize these costs separately from the project sub-applications through a Technical Assistance / Management Costs sub-application, or the funds requested will not be considered. Eligible management costs may include:

- Solicitation, review, and processing of RFC project sub-applications and sub-grant awards;
- Technical assistance to Sub-applicants regarding Benefit-Cost Analysis and Environmental and Historic Preservation documentation;
- Geo-coding mitigation projects selected for further review (see *Section 2.3.3., Geo-Coding Requirements*);
- Managing grants (e.g., quarterly reporting and close-out);
- Technical monitoring (e.g., site visits, technical meetings); and
- Staff salary costs directly related to performing the activities listed above.

Management costs must be consistent with Office of Management and Budget Circular A-87, Cost Principles for State and Local Governments. Indirect costs, if requested, must be included as part of the Grantee management costs, not to exceed 10 percent of the total amount awarded for project sub-grants. There will be no exception to permit the increase in Grantee management costs. Indirect costs must be supported with a current Indirect Cost Rate approved by a Federal Cognizant Agency.

Grantee management costs may be approved for up to 10 percent of the total amount awarded for the Grantee's project sub-grants, or the amount of management costs requested by the Grantee, whichever is less. There are no exceptions. If the Applicant is also the Sub-grantee, the Applicant may **not** request Sub-grantee management costs in their own project sub-application under any circumstance (see *Section 2.5.1., Sub-grantee Management Costs*). Applicants who are not awarded RFC funds will **not** receive reimbursement for management costs.

1.6 PROGRAM REQUIREMENTS

1.6.1 PLANNING REQUIREMENTS

All Applicants **MUST** have a FEMA-approved State/Indian tribal Standard or Enhanced hazard mitigation plan in accordance with 44 C.F.R. Part 201 by **February 28, 2007, to be eligible to receive grant funding** under the RFC program. Please see FEMA's planning web site: <http://www.fema.gov/government/grant/resources/index.shtm>. All activities submitted for consideration **MUST** be consistent with the Applicant's State/Indian tribal Standard or Enhanced Hazard Mitigation Plan. Local mitigation plans are encouraged, but not required for participation in the RFC program.

1.6.2 NATIONAL FLOOD INSURANCE PROGRAM (NFIP)

All Sub-applicants must be participating in the NFIP, and must not be suspended or withdrawn from the NFIP, to be eligible to apply for RFC funds and to act as sub-grantee. Certain non-participating political subdivisions (*e.g.*, Councils of Governments, Regional Planning Commissions, or County governments, etc.) may apply and act as sub-grantee on behalf of the NFIP-participating community in areas where the political subdivision provides zoning and building code enforcement, or planning and community development professional services for that community. RFC funds shall not be used to support project activities in communities that are not participating in the NFIP.

Property owners who participate in a mitigation project must have a flood insurance policy on the structure to be mitigated that is current at the time of application and maintained through award.

1.6.3 REDUCED CAPACITY REQUIREMENT

All RFC grant applications must demonstrate that the proposed activities can not be funded under the Flood Mitigation Assistance (FMA) program due to lack of State or local capacity, which includes either inability to manage the subgrant or lack of 25% match. Applicants are encouraged to conduct outreach to potential Sub-applicants that may have previously been unable to apply for FMA or other mitigation programs due to their inability to provide a match or their insufficient capacity to manage a grant. FEMA may contribute up to 100 percent of the total amount approved under the RFC grant award to implement approved activities, if the Applicant has demonstrated either of the following:

1. The State and the community are not able to meet the 25% non-Federal match that would otherwise make the activity eligible under the FMA program. The Applicant and the Sub-applicant must provide certification (*i.e.*, signed letter or other document from an authorized government official) that they can not meet this requirement, and the activity could therefore not be funded under the FMA program through the annual State FMA allocations. If a project has been previously submitted (within one year) for funding under FMA and was not funded, the State or community must explain and certify why the 25% non-Federal match is no longer available for this project; or
2. The State or community does not have the capacity to manage the activities under the FMA program. The Applicant or Sub-applicant must provide certification (*i.e.*, signed letter or other document from an authorized government official) that the State or community does not have the capacity to manage the proposed activities. If a project has been previously submitted (within one year) for funding under FMA and

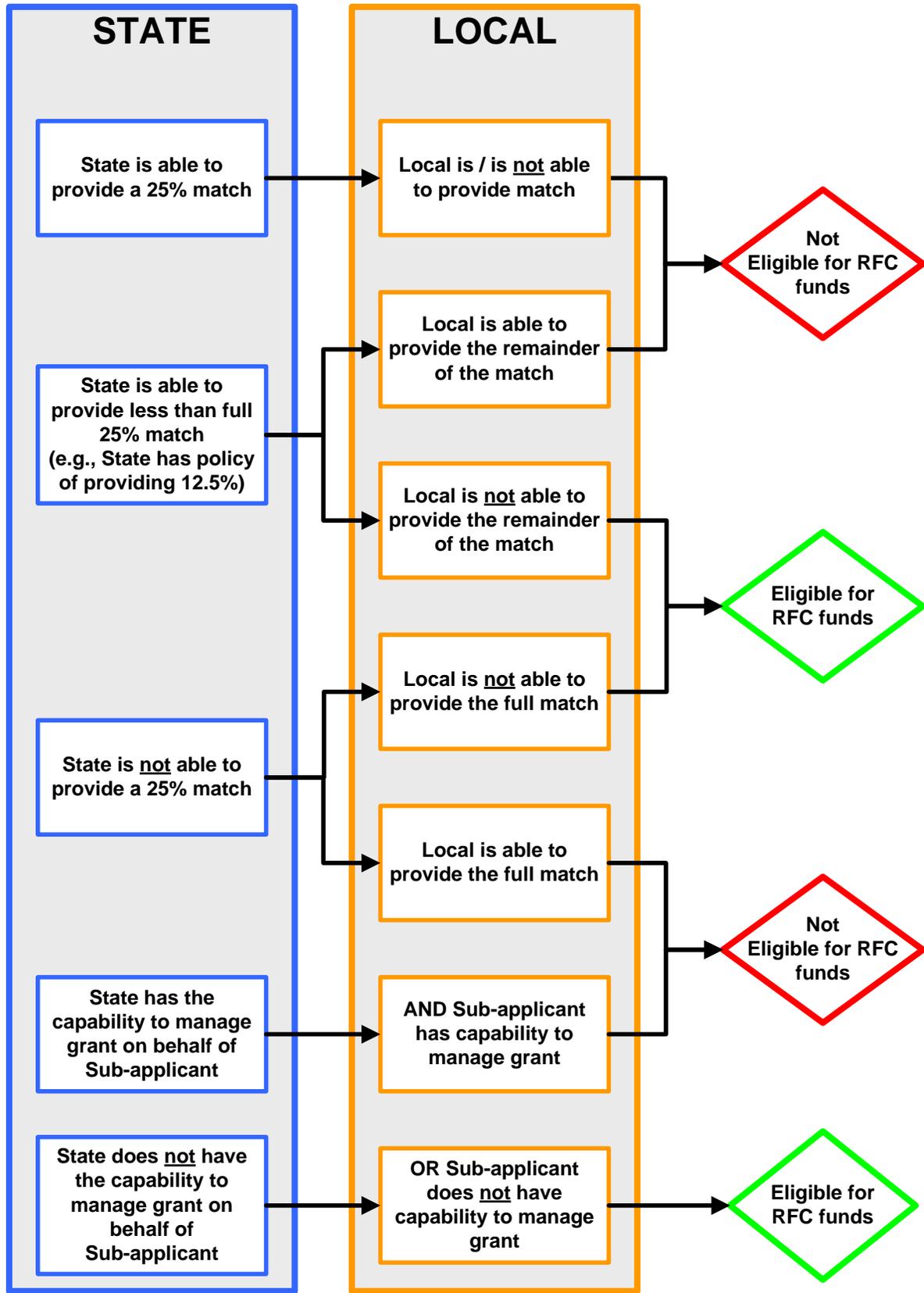
was not funded, the State or community must explain and certify why it no longer has the capacity to manage this project. Lack of capacity may be shown to be:

- Lack of adequate resources (staff or funding) to successfully administer and manage the grant activity; or
- Meeting the definition of “small, impoverished community.”

If claiming reduced capacity as a “small, impoverished community,” the Sub-applicant MUST meet ALL of the following criteria:

- 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;
- Must be economically disadvantaged, with residents having an average per capita annual income not exceeding 80 percent of the national per capita income, based on best available data. (The Department of Commerce Bureau of Economic Analysis (BEA) website states that the per capita personal income for the United States in 2004 was \$33,050.) More up-to-date information may be used. Please see the BEA web site at: <http://www.bea.gov>;
- 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 (USBL), the current average unemployment rate for 2005 is 5.1 percent. For up-to-date information, please see the USBL web site located at: <http://stats.bls.gov>; and,
- Must meet any other factors as determined by the State/Indian tribal government/Territory in which the community is located.

Table 1.6.3 RFC REDUCED ELIGIBILITY



1.6.4 NON-DISCRIMINATION

Like other FEMA mitigation programs, the RFC 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 RFC program complies with Section 308 of the Stafford Act and Title VI of the 1964 Civil Rights Act. All Applicants/Grantees must comply with Title VI, including State and local governments distributing Federal assistance.

In implementing the RFC program, Grantees and Sub-grantees will ensure that no discrimination is practiced. Applicants must consider fairness, equity, and equal access when prioritizing and selecting project sub-applications to submit with their RFC application. Sub-grantees must ensure fairness and equal access to homeowners and individuals that benefit from grant activities.

1.7 PROGRAM RESTRICTIONS

1.7.1 DUPLICATION OF PROGRAMS

FEMA will not provide assistance under the RFC program for activities that it determines another Federal program has a more specific or primary authority to provide. FEMA may disallow or recoup amounts that duplicate another Federal program's authority.

1.7.2 DUPLICATION OF BENEFITS

FEMA will not provide assistance under the RFC program for activities that duplicate benefits received by or available to Applicants, Sub-applicants and other project participants from insurance, other assistance programs, legal awards, or any other source to address the same purpose. Such individual or entity must notify the grantee and FEMA of all benefits that it receives or anticipates from other sources for the same purpose, and must seek all such benefits available to them. FEMA will reduce the RFC grant by the amounts available for the same purpose from another source. If FEMA provides assistance under this program when other benefits are available, the Grantee will be liable to FEMA for any duplicative amounts that are received from other sources, and must reimburse FEMA for such amounts.

FEMA also will not provide assistance for the Applicant or Sub-applicant's legal obligations, such as those imposed by a legal settlement, court order or State law.

1.7.3 CONFLICT OF INTEREST

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. In addition, Part 13.36 requires the Sub-grantee to also ensure that their procurements are subject to full and open competition and undergo a cost or price analysis before award. Applicants must comply with guidelines for awarding and administering sub-grants at 44 CFR §13.37.

1.7.4 COST OVERRUNS AND COST UNDER-RUNS

Due to the limited period of availability for FEMA to obligate FY 2007 RFC funds, requests for additional Federal funds for overruns shall not be approved after the RFC grant is

awarded. Cost under-runs (*i.e.*, unexpended funds) remaining after the expiration of the performance period must be reported to FEMA for de-obligation. Cost under-runs from one project sub-grant can NOT be used to meet another sub-grant's cost overrun.

1.7.5 PRE-AWARD COSTS

Allowable costs incurred prior to the date of the grant award, but after the RFC application period has opened, are identified as pre-award costs. FEMA may allow pre-award costs at its discretion and as funds are available. Applicants and Sub-applicants may be reimbursed for pre-award costs for activities directly related to the development of the proposed RFC activity. Activities may include, but are not limited to, development of benefit-cost analyses, environmental/historic preservation data and documentation, and application development for RFC grants. Pre-award costs associated with the implementation of project activities started prior to award will **not** be eligible. Pre-award costs must be identified as separate line items in the Cost Estimate for the project sub-application or they will not be considered.

1.8 APPLICATION PROCESS

Application instructions for the FY 2007 RFC program are described below, and are also available through <http://www.grants.gov>. Grants.gov is the single source for locating information on all Federal government grant opportunities. The FY 2007 RFC Guidance is also posted at and may be downloaded from the FEMA website at <http://www.fema.gov/government/grant/rfc/index.shtm>.

1.8.1 FY 2007 RFC APPLICATION PERIOD

Grant applications for FY 2007 RFC funds **MUST** be received by the Director of the Applicant's respective FEMA Regional Office (see *Section 1.15., Regional Contact Information*) no later than **February 28, 2007, 5:00 p.m. (Regional Office local time)**. **No applications will be accepted after the February 28, 2007, application deadline.**

Sub-applicants should consult the official designated point of contact in their State, Territory, or Indian tribe for more information regarding the application process. Applicants are strongly encouraged to establish an earlier deadline for Sub-applicants to submit project sub-applications in order to allow time to review and prioritize project sub-applications prior to submission to FEMA.

Applicants must provide an original and two copies of the complete Grant application, including each sub-application and any supporting documentation, to the respective FEMA Regional Office (see *Section 1.15., Regional Contact Information*).

1.8.2 APPLICANT REVIEW OF SUB-APPLICATIONS

Applicants should review all project sub-applications for eligibility, completeness, and consistency with the Applicant's State Standard/Enhanced hazard mitigation plan (see *Section 1.6.1., Planning Requirements*) prior to inclusion in the Grant application.

1.8.3 GRANT APPLICATION CHECKLIST

All FY 2007 RFC grant applications **MUST** be submitted to FEMA using OMB-approved grants administration forms (OMB 1660-0025) and sub-applications (OMB 1660-0072). The Federal forms required for the RFC grant application include:

- 1) **Application for Federal Assistance, Standard Form (SF) 424**, which includes:
 - a) Title of the grant application;
 - b) Applicant Information: Name, type, and State of the Applicant, State and Federal tax numbers, Federal Employer Identification Number, DUNS number; whether the Applicant has a Smartlink account; whether the application is subject to review by the Executive Order 12372 process; and whether the Applicant is delinquent on any Federal debt;
 - c) Contact Information: Name, agency, and address for the point(s) of contact for the grant application; and
 - d) Schedule: Overall projected performance period for the grant which ensures that the work schedule for each sub-application is included with the grant application and is appropriate (see *Section 1.11., Performance Period*).

- 2) **Budget Information – Non-Construction Program, FEMA Form (FF) 20-20**, which includes:
 - a) Total amounts in the requested Cost Estimates for all sub-applications, appropriate to the proposed activities;
 - b) Grantee Management Costs, if applicable;
 - c) Grant budget class for each item; and
 - d) Approved Indirect Cost Agreement, if applicable.

- 3) **Summary Sheet for Assurances and Certification, FF 20-16**;

- 4) **Assurances – Non Construction Program, FF 20-16A**, if applicable;

- 5) **Certification Regarding Lobbying, Debarment, Suspension and other Responsible Matters; and Drug-Free Workplace Requirements, FF 20-16C**;

- 6) **Disclosure of Lobbying Activities, SF LLL**, if applicable; and

- 7) **Sub-applications**, which must include a separate sub-application for each project for which RFC funding is requested (see *Section 2., Mitigation Project Sub-application Guidance*) and certification to support eligibility for RFC funds (see *Section 1.6.3., Reduced Capacity Requirement*). If Grantee Management Costs are requested, a separate Technical Assistance / Management Costs sub-application must be submitted itemizing these costs (see *Section 1.5., Grantee Management Costs*).

1.9 COST SHARE REQUIREMENTS

Approved RFC activities are eligible for up to 100 percent Federal funding for the amount approved under the grant award, with no non-Federal match required. Like other FEMA mitigation grant funds, RFC funds retain their Federal identity and **can not** be used as cost share for another Federally funded activity.

If non-Federal funds are provided to match part of the total project cost, the Applicant shall follow the requirements for *Matching or Cost Sharing* under 44 C.F.R. §13.24, Uniform Administrative Requirements for Grants and Administrative Agreements for State and Local Governments.

1.10 FEMA REVIEW AND AWARDS

1.10.1 FEMA REVIEW

FEMA will review all project sub-applications to ensure eligibility and completeness (see *Section 2., Mitigation Project Sub-application Guidance*). Project sub-applications that do not satisfy either the eligibility or completeness requirements will be removed from consideration.

1.10.2 TECHNICAL REVIEW

Eligible and complete project sub-applications will be forwarded to FEMA HQ where a technical review of BCA's will be conducted to verify cost-effectiveness for each property. Project sub-applications that do not meet cost-effectiveness requirements will be removed from consideration and will not be selected.

Projects involving relocation of structures from acquired property will be evaluated for engineering feasibility.

1.10.3 NATIONAL RANKING & SELECTION

FEMA will rank all eligible mitigation project sub-applications on the basis of the greatest savings to the NFIF as demonstrated by the verified project aggregate BCA. All projects will be ranked from highest verified BCA to lowest verified BCA. The Approving Federal Official at FEMA Headquarters will consider the National Ranking and program priorities in determining which projects are selected for award up to the amount of funds available for the RFC program.

Eligible project sub-applications not selected for RFC grant awards during the FY 2007 cycle will be placed on a waiting list and may be considered for RFC grant awards during the FY 2008 RFC program funding cycle.

1.10.4 FEMA PRE-AWARD ACTIVITIES

FEMA will work with Applicants who have approved project sub-applications to implement required pre-award activities prior to grant award, such as verifying Applicant and Sub-applicant commitments and understanding of grant terms. In addition, FEMA will ensure that the Applicant has met all reporting requirements for FEMA-State grant awards currently in progress. FEMA may, at its discretion, request information or documentation from Applicants to support certain project sub-applications as part of pre-award activities (see *Section 2.10., FEMA Pre-award Activities*). Applicants must respond to requests for information from the FEMA Regional Offices regarding their project sub-applications within the specified timeframe. Applicants with project sub-applications selected for award will be notified of the date by which all pre-award activities must be completed. **Please note that pre-award activities are not considered notification of an award.**

FEMA will complete the environmental/historic preservation compliance review for projects selected for further review as part of pre-award activities. **Project sub-applications may not be awarded and projects proposed for FEMA funding can not be initiated until FEMA has completed the environmental/historic preservation review.** Additional compliance information for the environmental/historic preservation review is available at <http://www.fema.gov/government/grant/resources/index.shtm>.

1.10.5 AWARDS

FEMA will provide an award package to Applicants for approved sub-applications once pre-award activities are completed. The award package must be signed by the Applicant and returned to FEMA before funds can be awarded. **The Applicant must agree to abide by the grant award terms and conditions as set forth in this Guidance and in the FY 2007 RFC Agreement Articles (Attachment I)** available on FEMA's web page: <http://www.fema.gov/government/grant/rfc/index.shtm> or from the FEMA Regional Offices (see *Section 1.15., Regional Contact Information*).

1.10.6 NOTIFICATION OF STATUS OF SUB-APPLICATIONS

FEMA will notify Applicants of project sub-applications that do not satisfy completeness and eligibility requirements; project sub-applications that do not meet cost-effectiveness or feasibility; and project sub-applications that are not selected for award by the Approving Federal Official.

FEMA will notify Applicants of project sub-applications that were eligible, but not selected for RFC grant awards due to FY 2007 RFC program funding limitations. These sub-applications will be placed on a waiting list and may be considered for RFC grant awards during the FY 2007 RFC program funding cycle.

1.11 PERFORMANCE PERIOD

The performance period is the period of time during which the Grantee is expected to complete the grant activities and to incur and expend funds approved for the RFC grant. The performance period for the grant shall begin on the date that the grant is awarded and end on the last day of the performance period of the longest sub-grant awarded to the Grantee. The performance period is specified in the **FY 2007 RFC Agreement Articles (Attachment I)**, available on FEMA's web page: <http://www.fema.gov/government/grant/rfc/index.shtm> or from the FEMA Regional Offices (see *Section 1.15., Regional Contact Information*).

Performance periods for sub-grants begin on the date that the sub-grant is awarded to the Grantee by FEMA. A performance period is assigned to every grant and the Grantee is responsible to monitor progress of each sub-grant to ensure timely progress and closeout. Performance periods for RFC grant awards will be no more than two years from the date of award. Requests for extensions to the performance period will be considered but will not be approved automatically (see *Section 1.12., Extensions*).

The Grantee has up to 90 days following the expiration of the performance period to liquidate valid expenditures incurred during the performance period. Cost under-runs remaining after the performance period expiration date must be reported to FEMA for de-obligation.

1.12 EXTENSIONS

Requests for extensions to the performance period will be considered but will not be approved automatically. In accordance with FEMA's Financial and Acquisition Management Division Extension Policy, the Regional Office may extend the performance period up to one year. 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 and must demonstrate that work is in progress and will be completed within the extended period of performance. The justification must address the following areas to enable the review of extension request:

1. **Submission Date:** The request must be submitted at least 60 calendar days prior to the expiration date of the performance period;
2. **Reason for Delay:** Identify the status of the activity, including the original approved period of performance, and give a brief description for the delay (*e.g.*, weather conditions);
3. **Budget:** Identify the remaining funds, both FEMA share and cost share match, available for the extended period and outline how the funds will be used. Identify sources 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 (new period of performance end date) for the activity; and,
6. **No change of scope:** Provide a certification that the activity will be completed within the extended period without any modification to the original Scope of Work approved by FEMA.

If a second performance period extension becomes necessary, then the Grantee must submit an additional formal written request to the FEMA Regional Director. As with the first request, the second extension request must be made at least 60 calendar days prior to the expiration of the period of performance and must include a justification for the extension that addresses the items noted above. The Regional Office will make a recommendation and submit the second request to the Chief Procurement Official at FEMA Headquarters, who will review the request in coordination with the Headquarters Mitigation Division.

1.13 SCOPE OF WORK CHANGES

FEMA may not consider changes to the scope of work (SOW) between the close of the application period and the completion of the selection and award process, and no changes will be approved for cost overruns after award. Requests for changes to the SOW after award are permissible as long as they do not change the nature of the activity, the feasibility and effectiveness of the project, or the Benefit Cost Ratio (see *Section 2.6., Cost Effectiveness*). Requests must be supported by adequate justification from the Applicant in order to be processed. The justification is a description of the proposed change, a written explanation of the reason or reasons for the change; an outline of remaining funds available to support the change;

and a description of the work necessary to complete the activity. All approvals will be at FEMA's discretion, and there is no guarantee that SOW changes will be approved.

1.14 REPORTING REQUIREMENTS

The following reports are required from Grantees:

1.14.1 FEDERAL CASH TRANSACTION REPORTS

If the Grantee uses the HHS Payment Management System-SMARTLINK, the Grantee shall submit to FEMA a copy of the PMS272, Federal Cash Transaction Report submitted to the Federal Health and Human Services (HHS).

1.14.2 FINANCIAL STATUS REPORTS

The Grantee shall submit Financial Status Reports, 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 the initial report. The Grantee shall submit quarterly financial status reports thereafter until the grant ends. Reports are due on January 30, April 30, July 30, and October 30. Reference 44 CFR §13.40 "Monitoring and Reporting" for additional information.

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

1.14.3 PERFORMANCE REPORTS

The Grantee shall submit performance reports for each grant award 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 Grantee shall submit quarterly performance reports thereafter until the grant ends. Reports are due on January 30, April 30, July 30, and October 30. Performance reports must include the activity name or other identification as well as information to:

- Describe significant activities and developments that have occurred that show progress during the quarter, including a comparison of actual accomplishments to the work schedule objectives established in the sub-application;
- Indicate whether completion of work is anticipated within the performance period. If not, describe any problems, delays, or adverse conditions that will impair the ability to meet the stated objectives in the sub-application; and,
- Indicate whether cost under-run/cost overrun, change of scope request, or request for extension of performance period are anticipated.

1.14.4 FINAL REPORTS

The Grantee 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.

1.14.5 ACQUIRED PROPERTY REPORTING

Subgrantees shall submit after the project has been implemented, at grant closeout, the following:

- A copy of the warranty deed and deed restriction recorded for each property;

- A photo of each property after project implementation;
- Latitude and Longitude coordinates of each acquired property; and
- FEMA Form AW-501 for each repetitive loss property mitigated.

Ongoing Reporting:

Every three years, the Sub-grantee must submit to the Grantee, who will submit to the FEMA Regional Director, a report certifying that it has inspected the subject property within the month preceding the report, and that the property continues to be maintained consistent with the provisions of the grant.

1.15 REGIONAL CONTACT INFORMATION

Contact information for FEMA Regional Offices is provided on the FEMA website:

<http://www.fema.gov/about/contact/regions.shtm> and also is listed here for your information.

FEMA Region I - Serving Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont: 99 High Street, 6th Floor, Boston, MA 02110-2356. (617) 832-4761 / (617) 956-7559

FEMA Region II - Serving New York, New Jersey, Puerto Rico, and the U.S. Virgin Islands: 26 Federal Plaza, Suite 1337, New York, NY 10278-0002. (212) 680-3600

FEMA Region III - Serving the District of Columbia, Delaware, Maryland, Pennsylvania, Virginia, and West Virginia: 615 Chestnut Street, One Independence Mall, 6th Floor, 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 30341-4112. (770) 220-5400

FEMA Region V - Serving Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin: 536 South Clark Street, 6th Floor, Chicago, IL 60605-1523. (312) 408-5500

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

FEMA Region VII - Serving Iowa, Kansas, Missouri, and Nebraska: 9221 Ward Parkway, Suite 300, Kansas City, MO 64114-3372. (816) 283-7002

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 98021-9796. (425) 487-4600

1.16 REFERENCED STATUTES, REGULATIONS & GUIDANCE

National Flood Insurance Act of 1968 (NFIA)

including the National Flood Insurance Reform Act of 1994 (Public Law 103-325)

http://www.fema.gov/plan/prevent/fhm/dl_nfira.shtm

Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (P.L. 108-264)

[http://frwebgate.access.gpo.gov/cgi-](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108_cong_public_laws&docid=f:publ264.108)

[bin/getdoc.cgi?dbname=108_cong_public_laws&docid=f:publ264.108](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108_cong_public_laws&docid=f:publ264.108)

Department of Homeland Security Appropriations Act, 2007 (Public Law 109-90)

[http://frwebgate.access.gpo.gov/cgi-](http://frwebgate.access.gpo.gov/cgi-bin/useftp.cgi?IPaddress=162.140.64.21&filename=publ090.pdf&directory=/diskb/wais/data/109_cong_public_laws)

[bin/useftp.cgi?IPaddress=162.140.64.21&filename=publ090.pdf&directory=/diskb/wais/data/109_cong_public_laws](http://frwebgate.access.gpo.gov/cgi-bin/useftp.cgi?IPaddress=162.140.64.21&filename=publ090.pdf&directory=/diskb/wais/data/109_cong_public_laws)

SECTION 2 MITIGATION PROJECT SUB-APPLICATION GUIDANCE

2.1 PURPOSE

The purpose of the RFC program is to fund mitigation activities that reduce flood damages and, consequently, flood claim payments in the order that will result in the greatest savings to the NFIF in the shortest period of time. Other benefits of RFC mitigation projects include saving lives and reducing disaster housing and emergency response expenses. In the case of property acquisition, there will be increased recreational opportunities and an enhancement of the environment through the creation of open-space along rivers and streams. Most importantly, communities and their residents will be safer from flood hazards.

RFC grant applications must provide sufficient information for FEMA to determine the eligibility of each proposed activity for RFC funds, and to prioritize projects in the order that will result in the greatest savings to the NFIF in the shortest period of time. The *Mitigation Project Sub-application Guidance* identifies how proposed activities will be reviewed to ensure that all grants awarded under the RFC meet the intent of the authorizing legislation of the NFIA. Any proposed activity submitted without enough information for FEMA to determine eligibility and priority for funding will not be considered for funding.

2.2 ELIGIBLE MITIGATION PROJECT ACTIVITIES

Eligible RFC activities are limited to the acquisition of residential or non-residential NFIP-insured properties that have had one or more claims for flood damages. For FY 2007, FEMA has determined that the RFC program will be limited to acquisition activities, and the associated structure removal through demolition or relocation. Acquisition projects will be prioritized in the order that will create the greatest savings to the NFIF, based on those that are most cost-effective as demonstrated through a Benefit-Cost Analysis (BCA). FEMA may select individual properties for funding from within a larger project, where appropriate, to ensure the greatest savings to the National Flood Insurance Fund.

The RFC program is limited to property acquisition in response to the limited period of availability of funds. RFC funds are only available for award through the end of Fiscal Year 2007. RFC is the only FEMA mitigation program that is limited solely to property acquisition. For circumstances where other mitigation measures may be appropriate for a structure, FEMA recommends that Applicants and Sub-applicants submit these properties under FEMA's other mitigation programs, all of which consider the range of eligible mitigation measures beyond acquisition.

Acquisition projects include the acquisition of the underlying real property and structures on that property when necessary to the project purpose, demolition or relocation of the structures, and conversion of the property to deed-restricted open-space uses in perpetuity. Acquisition projects must comply with FEMA acquisition requirements consistent with this guidance, as well as 44 CFR §206.434(e) and related guidance.

FEMA's *Property Acquisition Handbook for Local Communities* (FEMA 317) provides a "how to" guide to help communities work through property acquisition (also referred to as "buyout").

2.3 MITIGATION PROJECT REQUIREMENTS

2.3.1 ELIGIBILITY CRITERIA

Projects approved for RFC grant awards must meet all of the following eligibility criteria:

- Cost-effectiveness, not costing more than the anticipated value of the reduction in both direct damages and reducing the risk of future damage, hardship, loss, or suffering resulting if future floods were to occur. A Benefit-Cost Analysis (BCA) using a FEMA-approved methodology must be submitted for each project to demonstrate this requirement (see *Section 2.6., Cost Effectiveness*);
- Conformance with 44 CFR Part 9, Floodplain Management and Protection of Wetlands, and 44 CFR Part 10, and any applicable environmental laws and regulations (see *Section 2.7., Environmental/Historic Preservation Compliance*);
- Technical feasibility and ability to be implemented. The project Cost Estimate must reflect the engineering design, if applicable, and all anticipated costs (see *Section 3.2., Engineering Feasibility Technical Assistance*). The Sub-applicant should determine prior to application submission the technical feasibility of any proposed structure relocation;
- Conformance with the minimum standards of the NFIP Floodplain Management Regulations;
- Physical location in a community that is participating in the NFIP where the community is not suspended or withdrawn from the NFIP;
- Solving of a problem independently or constituting a functional portion of a solution where there is assurance that the project as a whole will be completed;
- Consistency with the goals and objectives identified in the current FEMA-approved State/Indian tribal hazard mitigation plan and, if available, the FEMA-approved Flood Mitigation Plan pursuant to 44 CFR §78.5 or flood hazard component of the 44 CFR Part 201 compliant multi-hazard mitigation plan for the community in which the project is located; and
- Meeting the requirements of applicable Federal, State, Indian tribal, and local laws, implementing regulations, and executive orders.

2.3.2 PROPERTY ACQUISITION AND RELOCATION REQUIREMENTS

For property acquisition and relocation projects, Applicants and Sub-applicants must comply with the following requirements, 44 CFR §206.434(e) and related guidance. A project may not be framed in a manner that has the effect of circumventing these requirements.

2.3.2.1 ELIGIBILITY FOR PROPERTY ACQUISITION PROJECTS:

2.3.2.1.1 ELIGIBLE PROPERTIES

Properties eligible for acquisition include those where:

- The property will be acquired from a willing, voluntary seller.

- The property is NFIP insured at the time of project application and contains an at-risk structure with one or more claims, including those that are damaged or destroyed due to an event.
- All incompatible easements or encumbrances can be extinguished.
- The property cannot be contaminated with hazardous materials at the time of acquisition, other than incidental demolition or household waste.
- If the structure on the property is to be relocated, the relocated structure must be placed on a site located outside of the 100-year floodplain, outside of any regulatory erosion zones, and in conformance with any other applicable State or local land use regulations.
- The property cannot be part of an intended, planned, or designated project area for which the land is to be acquired by a certain date, and/or where there is an intention to use the property for any public or private future use inconsistent with the open-space deed restrictions and FEMA acquisition requirements (examples include roads and flood control levees).
- The property will not be subdivided prior to acquisition, except for portions outside the identified hazard area, such as the Special Flood Hazard Area or any risk zone identified by FEMA.

2.3.2.1.2 HAZARDOUS MATERIALS

Sub-applicants considering the purchase of property (or land adjacent to property) with past or present commercial or industrial use should ensure that the owner provides information identifying what, if any, hazardous materials are on the property. To be considered an eligible property and before purchasing commercial or industrial properties, the Sub-applicant 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 Sub-applicant can purchase any interest in the property, including easements for development rights. **Clean-up costs associated with hazardous materials are not eligible project costs.**

The presence of non-leaking underground storage tanks, septic systems, home heating oil tanks, and normal quantities of lead, asbestos, and hazardous material associated with residential/household use does not preclude the use of mitigation funds for acquisition. However, local permitting ordinances, State laws, as well as Federal laws, regulations and Executive Orders, must be followed. The costs of removing these typical residential/household items must be addressed in the project Cost Estimate (see *Section 2.5., Cost Estimate*).

2.3.2.1.3 ELIGIBLE COSTS

Eligible costs include:

- Value of the land to be acquired, and either 1) value of structure and demolition cost of that structure, or 2) relocation of the structure;
- Cost of appraisals, cost of title insurance and any additional escrow costs, such as recordation of the deed and deed restrictions, and other costs necessary for the real estate transaction; and
- Other necessary and appropriate costs to implement the project.

2.3.2.1.4 INELIGIBLE COSTS

Ineligible costs include:

- Compensation for land that is already held by an eligible entity is not an allowable cost, but compensation for development rights (open-space easement) may be allowable;
- Cleanup or remediation of contaminated properties, except for permitted disposal of incidental demolition and household hazardous wastes;
- Pre-Award costs may not be reimbursed for pre-award activities associated with implementation of the project; and
- FEMA acquisition funds are not available when an Applicant, Sub-applicant, other project participant or third party's negligence or intentional actions contributed to the conditions needing mitigation.

2.3.2.2 REQUIREMENT TO APPLY DEED RESTRICTIONS

Sub-applicants requesting assistance for a real property acquisition or building relocation must apply specific deed restriction language to all acquired properties. See the Model Deed Restriction language on FEMA's mitigation website at <http://www.fema.gov/government/grant/resources/index.shtm> or from the Regional Office (see *Section 1.15., Regional Contact Information*). Any modifications to the model deed restriction can only be made with prior approval from FEMA's Office of General Counsel.

2.3.2.3 SUB-APPLICATIONS FOR PROPERTY ACQUISITION

Sub-applicants for property acquisition and relocation projects must include the following in their application:

1) Statement of Assurances

As part of the project application, Sub-applicants must attach a Statement of Assurances, signed by the Sub-applicants authorized agent, acknowledging the requirements as identified below that will apply to the acquisition of the property. See FEMA's website for this Statement of Assurances that must be submitted with the project application <http://www.fema.gov/government/grant/resources/index.shtm>. Open-space acquisition projects without these formal assurances will not be funded by FEMA.

The following conditions apply to the grant and must be included in the Statement of Assurances:

- Participation by property owners is voluntary. The prospective participants were informed in writing that participation in the program is voluntary, that the Sub-applicant will not use its eminent domain authority to acquire their property for the project purposes should negotiations fail;
- Each property owner will be informed, in writing, of what the Sub-applicant considers to be the fair market value of the property. The Sub-applicant will use the

model Statement of Voluntary Transaction to document this and will provide a copy for each property after award. This model is available on FEMA's web page: <http://www.fema.gov/government/grant/resources/index.shtm> or from the Regional Office (see *Section 1.15., Regional Contact Information*);

- The Sub-applicant accepts all of the requirements of the FEMA grant and the deed restriction governing the use of the land, as restricted in perpetuity to open-space uses. The Sub-applicant must apply and record a deed restriction on each property in accordance with the language in the FEMA model deed. The community will seek FEMA approval for any changes in language differing from the model deed.
- The Sub-applicant understands that the land will be unavailable for the construction of flood damage reduction levees and other incompatible purposes, and is not part of an intended, planned, or designated project area for which the land is to be acquired by a certain date;
- The Sub-applicant will demonstrate that it has consulted with the US Army Corps of Engineers regarding the subject land's potential future use for the construction of a levee system, and will reject future consideration of such use if it accepts FEMA assistance to convert the property to permanent open-space;
- The Sub-applicant will demonstrate that it has coordinated with its State Department of Transportation to ensure that no future, planned improvements or enhancements to the Federal aid systems are under consideration that will affect the subject property;
- Existing buildings will be removed within 90 days of settlement;
- Post grant award, the Sub-grantee may convey a property interest only with the prior approval of the FEMA Regional Director and only to another public entity or to a qualified conservation organization pursuant to 26 CFR 1.170A-14;
- Every three years, the Sub-grantee must submit to the Grantee, who will submit to FEMA Regional Director a report certifying that it has inspected the subject property within the month preceding the report, and that the property continues to be maintained consistent with the provisions of the grant. If the subject property is not maintained according to the terms of the grant, the Grantee and FEMA, its representatives, designated authorities, and assigns are responsible for taking measures to bring the property back into compliance; and
- After settlement, no disaster assistance for any purpose from any Federal entity may be sought or provided with respect to the property, and FEMA will not distribute flood insurance benefits for that property for claims related to damage occurring after the date of the property settlement.

2) Property Information for each property in the SOW:

- Notice of Voluntary Interest Documentation in a specific format chosen by the Sub-applicant (such as a letter of interest, intent to participate form, project signup sheet or similar format) the Sub-applicant must **record the name and signature** of interested property owners associated with each property and must also clearly show **each property owner acknowledging the following language: "The property owner**

has been informed that this project for open-space acquisition is voluntary and that neither the [Applicant] or the [Sub-applicant] will use its eminent domain authority to acquire the property for open-space purposes should negotiations fail.” This documentation of voluntary interest for each property owner must be submitted with the project application. It is the community’s discretion how this documentation is integrated into the project development process, however it should be accomplished as early in the project development process as is feasible. An example is available on FEMA’s mitigation web page:

<http://www.fema.gov/government/grant/resources/index.shtm>.

- Fair market value documentation for each parcel and include it in the cost estimate. The fair market value must be derived using a reasonable methodology that has been consistently applied throughout the community, such as independent appraisals, opinions of value, or a formula based on tax assessments;
 - Net present value of the project benefits for each property to be acquired (see *Section 2.6., Cost Effectiveness* for further guidance);
 - The Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (URA) mandates that displaced tenants receive relocation assistance in accordance with 49 CFR, Part 24. The project application should document properties occupied by tenants. See the FEMA Hazard Mitigation Grant Program Desk Reference for additional guidance. This must be included in the cost estimate;
 - A photograph that represents the appearance of each property at the time of application; and
 - For acquisition projects, changes to the properties in an approved mitigation project will be considered by FEMA but not approved automatically. The Applicant and Sub-applicant must have initially identified the alternate properties in the project application and must include a BCA for each alternate property in order to be considered. However, the alternate properties must not be included in the Cost Estimate or the overall project BCA (see *Section 3.6., Cost Effectiveness*). Eligible properties may be substituted as alternatives in the application as long as the substitution does not change the overall nature of the project or increase the amount of the Federal share and were included as alternatives in the sub-application.
- 3) Other information as determined by the Director.

2.3.2.4 PRE-AWARD REQUIREMENTS

After application, but prior to award, the Applicant must provide FEMA with the following (see *Section 1.10.4.* and *Section 2.10., FEMA Pre-award Activities*):

- Documentation that the Sub-applicant has consulted the U.S Army Corps of Engineers and the State Department of Transportation regarding potential future land use conflicts of levee systems and Federal aid systems with open-space acquisition and has reject future consideration of such use if it accepts FEMA assistance to convert the property to permanent open-space (see the Sub-application assurances for more detail). FEMA encourages Sub-applicants to conduct this consultation as early

- as possible so that incompatible properties can be removed earlier in the process. FEMA will not award funds for any property without this documentation; and
- A copy of the deed restriction, incorporating the specific language from FEMA’s model deed restriction, which the local government will record with acquired properties.

2.3.2.5. POST-AWARD REQUIREMENTS

Following award of the grant, the sub-grantee must adhere to the following requirements:

- A property owner who did not own the property at the time of the relevant event, or who is not a United States citizen, non-citizen national or qualified alien, is not eligible for a purchase offer based on pre-event market value of the property. Sub-grantees must ask each participating property owner to certify that they are either a United States citizen, non-citizen national or qualified alien before offering pre-event market value for the property. This information should be retained in the project file.
- The amount of purchase offer is based on the current market value of the property or on the market value of the property immediately before the relevant event affecting the property (“pre-event”): The relevant event for the Flood Mitigation Assistance program and the Repetitive Flood Claims Program is the most recent event resulting in a National Flood Insurance Program claim of at least \$5000.
- The Grantee should coordinate with the Sub-grantee in determination of whether the valuation should be based on pre-event or current market value. Generally the same method to determine market value should be used for all participants in the project.
- A title insurance policy demonstrating clear title must be obtained for each approved property that will be acquired.
- All incompatible easements or other encumbrances must be extinguished before acquisition.
- The property must transfer by a warrantee deed.
- See *Section 2.3.2.3 Sub-Applications for Property Acquisition* regarding limitations on substitution of alternate properties.
- For acquisition projects, changes to the properties in an approved mitigation project will be considered by FEMA but not approved automatically. The Applicant and Sub-applicant must have initially identified the alternate properties in the project application and must include a BCA for each alternate property in order to be considered. However, the alternate properties must not be included in the Cost Estimate or the overall project BCA (see *Section 4.6., Cost Effectiveness*). Eligible properties may be substituted as alternatives in the application as long as the substitution does not change the overall nature of the project or increase the amount of the Federal share and were included as alternatives in the sub-application.
- Incompatible facilities must be removed from acquired property within 90 days of settlement.
- Property Reporting Requirements from the Sub-grantee, through the Grantee, to

FEMA:

- 1) A photo of the property site after project implementation
- 2) Latitude and longitude coordinates of the property
- 3) Signed Statements of Voluntary Transaction from the owner of each property identified in the SOW. This statement documents more formally the voluntary participation notice provided earlier, as well as documenting required property valuation notices. A Model Statement of Voluntary Transaction is available on FEMA's web page: <http://www.fema.gov/government/grant/resources/index.shtm> or from the Regional Office (*see Section 1.15., Regional Contact Information*);
- 4) A copy of the recorded deed and the attached deed restrictions for each acquired property must be submitted.
- 5) For any property identified on FEMA's Repetitive Loss list, complete and submit FEMA form AW-501, documenting the completion of mitigation to those properties that are identified by FEMA as Repetitive Loss Properties.
- 6) Every three years following acquisition, submit a report certifying that the subgrantee has inspected the property within the month preceding the report, and that the property continues to be maintained consistent with the provisions of the deed restriction.

2.3.3 FEASIBILITY/EFFECTIVENESS REQUIREMENT

Mitigation projects funded by the RFC program must be both feasible and effective, particularly for relocation projects. To determine both feasibility and effectiveness, FEMA will use the information provided in the project sub-application, including the Scope of Work and Cost Estimate sections, as well as any supporting documentation to review the engineering feasibility of the proposed project. Key areas of concern for relocation projects include structural suitability/stability and transportation limitations. If applicable, proposed schematic or detailed engineering drawings, or engineering designs for projects that demonstrate the design parameters and how the project will achieve the stated objectives must be included to allow FEMA to assess the effectiveness and feasibility of the proposed project.

Upon request, FEMA will provide technical assistance regarding engineering documentation and cost estimation (*see Section 3., Technical Assistance*). Project sub-applications that do not include appropriate documentation to support the determination of feasibility and effectiveness may be removed from consideration.

2.3.4 GEO-CODING REQUIREMENTS

The location of all approved mitigation projects funded by the RFC program must be geo-coded using standard datum. Geospatial coordinates, in the form of latitude and longitude with an accuracy of +/- 20 meters (64 feet), must be provided for all individual properties contained in the mitigation project. The specific Guidance for Geo-coding Mitigation Data was provided to the FEMA Regional Offices in August, 2004, and provides guidance for collecting and formatting location information. This is available on FEMA's web page:

<http://www.fema.gov/government/grant/rfc/index.shtm> or from the Regional Offices (see *Section 1.15., Regional Contact Information*). FEMA will work with Applicants to ensure this information is provided prior to award (see *Section 1.10.4., FEMA Pre-Award Activities*).

2.3.5 PROJECT MAINTENANCE

FEMA is **not** responsible for project or property maintenance. FEMA will not pay for any future maintenance (*e.g.*, dredging or debris removal, mowing open-space). Sub-applicants should provide a maintenance plan that identifies the maintenance tasks and budget, and must identify the entity that will perform long-term maintenance. Future maintenance costs should not be included in the Cost Estimate (see *Section 2.5., Cost Estimate*); however, anticipated future maintenance costs **MUST** be included in the Benefit-Cost Analysis (see *Section 2.6., Cost Effectiveness*).

2.3.6 PRIVACY OF REPETITIVE LOSS DATA

State NFIP Coordinators may access a version of BureauNet called Data Exchange and they, along with the State Hazard Mitigation Officer and other approved State staff, may now access an Internet portal called Simple, Quick Access or SQANet developed as part of the FEMA NextGen project. Both of these data systems allow the State to access and download current claims, policy and repetitive loss data. This will allow eligible RFC Applicants to identify properties eligible for mitigation under the RFC grant program.

Communities cannot access either of these systems and it is the responsibility of State or FEMA Regional staff to provide claims, policy and repetitive loss property information to the communities. States may access this sensitive data and may provide it directly to community governments on the basis of their status as an approved category of users. Use of the data by this approved category of users is limited to engaging in flood plain management, improved real property acquisitions, and relocation projects that are consistent with the National Flood Insurance Program, and to further flood plain management and hazard mitigation goals of FEMA. These uses are authorized pursuant to notices published in the Federal Register, most recently on January 23, 2002 (DHS/FEMA-008). State staff wishing to gain access to sensitive NFIP data may request a login ID and Password for SQANet by visiting <http://www.nfipnextgen.com> and then clicking on the SQANet Pilot link and then selecting the “click here to sign up” option.

When BureauNet and SQANet records are accessed by States, they are advised of the sensitive nature of the information and the need to protect the release of the data to unauthorized users. When the data is released to a community by either the State or the FEMA Regions, the recipient must be notified in writing that the records relating to individuals and individual properties are being made available through the FEMA routine use policy for the specific purposes of mitigation planning, research, analysis and feasibility studies consistent with the NFIP and for uses that further the floodplain management and hazard mitigation goals of the States and FEMA. The records are protected pursuant to the Privacy Act of 1974 (5 USC 552a) and must not be publicly disclosed. FEMA shares this information at its discretion and may choose not to provide this information in the future to States or communities if it finds unauthorized uses of this information have been made.

2.4 SCOPE OF WORK

The Scope of Work (SOW) describes the objectives, methodology, feasibility, outcomes, timeline, milestones, resources, deliverables, and benefits of as well as reasons for the proposed project(s). The SOW must establish the “who, what, where, when, and how” of the proposal and timeline. The SOW should include the following as well as applicable references and supporting documentation:

- Purpose of the project;
- Clear, concise description of the proposed project and the means to implement and construct it (*i.e.*, how will the project be implemented and by whom?);
- Outcomes (*i.e.*, what are the expected accomplishments?);
- Identification of the flooding hazards to be addressed;
- Location within the community and/or geographical extent of the project (natural, built and socioeconomic environments);
- Feasibility and effectiveness provided by the proposed project, specifically for relocation projects, include engineering design parameters and copies of or references to:
 - Proposed schematic or detailed plans, engineering drawings, or engineering design, particularly information to address potential feasibility concerns such as structural stability/suitability and movement/transportation of the structure;
 - Applicable building code/edition or engineering standard used;
- Description of the alternatives considered prior to deciding upon the project;
- Description of the maintenance agreements to be in place for long-term upkeep of the proposed project; and
- Work schedule for all project tasks (*e.g.*, survey, appraisal, permitting, inspection requirements, site preparation), and significant milestones throughout the entire performance period (see *Section 1.11., Performance Period*).

Documentation provided will be used by FEMA to evaluate the SOW to determine eligibility of the proposed sub-application. Examples of documentation, where applicable to the project, include proposed schematic or detailed engineering drawings, or engineering design; photographs, maps, sketches, and/or drawings (*e.g.*, appropriate sections of Flood Insurance Studies and Flood Insurance Rate Maps) to document elements of the project and project parameters; or data sources, references, citations, and/or notations.

2.5 COST ESTIMATE

The Cost Estimate describes all anticipated and potential costs associated with the proposed activity, and represents the Sub-applicant’s best estimate of the total value of the proposed activity. Sufficient detail must be provided regarding various cost item categories such as labor, materials, equipment, subcontract costs, etc. Applicants and Sub-applicants should avoid “lump sum” items whenever possible and provide references/documentation for all sources (*e.g.*, RS Means) for all cost estimates provided, including the dates of estimates, as well as the anticipated date of construction, if applicable. The Cost Estimate MUST include:

- A documented fair market value for each property. The fair market value must be derived using a reasonable methodology that has been consistently applied throughout the community, such as independent appraisals, opinions of value, or a formula based on tax assessments;
- Relocation assistance for displaced tenants authorized under the Uniform Relocation Act, if applicable;
- All anticipated project costs broken out by property, including:
 - All related acquisition costs, such as appraisals and legal recordation;
 - Title insurance;
 - All related demolition/relocation/construction costs, such as survey, permitting, site preparation, structure transportation, material disposal;
 - Conducting the Benefit-Cost Analysis;
 - Anticipated environmental impact remediation or historic property treatment measures (note hazardous materials clean up is not an eligible cost, see 2.3.22); and,
 - Engineering designs/specifications.
- Costs associated with any Sub-grantee management costs identified as a separate line item;
- Pre-award costs: Indicate all costs that may be incurred prior to grant receipt but subsequent to the RFC application period opening as separate line items;
- Potential cost under-runs: Indicate any item in which a cost has been over-estimated which could result in a cost under-run (For example, if a quotation received from a contractor will increase if the project is not awarded for up to one year after the date of the receipt of initial quotation);
- Back-up documentation for all costs, including the basis for each should be provided (*e.g.*, salary and fringe benefit rates for personnel involved in the project, bids from qualified professionals, nationally published or local cost estimating guides).

Maintenance costs are not eligible and should not be included in Cost Estimate, but **MUST** be included in the Benefit-Cost Analysis (see *Section 2.6., Cost Effectiveness*). FEMA will not consider changes to the Cost Estimate between the close of the application period and the completion of the selection process. FEMA will **NOT** approve changes for cost overruns (see *Section 1.7.4., Cost Overruns and Cost Under-runs*). Revisions to the approved budget may be considered after award as long as the approved deliverable is not adversely impacted. In accordance with 44 CFR Part 13, adjustments may be made among cost line items in the approved budget up to a cumulative threshold of 10% of the total budget without seeking formal approval from FEMA. Adjustments exceeding this threshold must be approved in advance by FEMA. As with SOW changes, requests for a budget revision must be supported by adequate justification from the Applicant in order to be processed.

2.5.1 SUB-GRANTEE MANAGEMENT COSTS

Sub-applicants may include a maximum of 5 percent of the total funds requested for their project sub-application for management costs to support the project. Sub-grantee management cost activities must be consistent with the Office of Management and Budget

Circular A-87, Cost Principles for State and Local Governments. Sub-applicants requesting management costs should provide supporting documentation and include these costs as separate line items in the Cost Estimate (see *Section 2.5., Cost Estimate*) for the project sub-application in order to be considered. **Management costs also MUST be included in the project's Benefit-Cost Analysis** (see *Section 2.6., Cost Effectiveness*). If the Applicant is also the Sub-grantee, the Applicant may **not** request Sub-grantee management costs in their own project sub-application under any circumstance. Indirect costs, if requested, must be included as part of the Sub-grantee management costs, not to exceed 5 percent of the total cost of the project sub-application. **There will be no exception to permit the increase in Sub-grantee management costs.** Indirect costs should be supported with a current Indirect Cost Rate that is approved by a Federal Cognizant Agency.

2.6 COST EFFECTIVENESS

Projects mitigated under the RFC program must be funded in the order that results in the greatest savings to the National Flood Insurance Fund (42 U.S.C. 4030). To ensure this objective is met, FEMA has determined that every project will be prioritized based on those that are most cost-effective using a FEMA-approved Benefit-Cost Analysis (BCA). BCA is a well-established method for quantitatively comparing the benefits and costs of mitigation projects. The end result is a Benefit-Cost Ratio (BCR), which is derived from a project's total net present value of benefits (*i.e.*, the value of benefits today versus the value of future benefits after taking inflation and return into account) divided by the total project cost to include all documented project and maintenance costs.

The Applicant/Sub-applicant is required to collect information on benefits and costs for each property, including substantially damaged properties. Applicants/Sub-applicants are encouraged to ensure that the BCA includes all benefits associated with the proposed mitigation project. **Projects will be evaluated based on the aggregate BCR for the project.** The aggregate BCR will be calculated by totaling the anticipated or net present benefits for each structure to obtain the project's total net present value of benefits and dividing the total project benefits by the total project cost estimate. **The minimum eligible project will have a BCR of 1.0 or greater.** FEMA may, however, select individual properties for funding from within a larger project, where appropriate to achieve the greatest savings to the NFIF.

FEMA will work with Applicants/Sub-applicants that request technical assistance during the application period to complete their BCA's (see *Section 3., Technical Assistance*). FEMA will convene a Benefit-Cost Technical Review panel of subject matter experts to conduct a detailed and comprehensive review of the BCA's for mitigation projects following the Eligibility and Completeness reviews (see *Section 2.9.2., Benefit-Cost Technical Review*).

The conduct of FEMA's BCA's are governed by the Office of Management and Budget (OMB) Circular A-94, *Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs*. Accordingly, the benefits of mitigation projects are avoided damages, disruptions, 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; and
- Deaths and injuries.

The OMB circular 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? - Guidance on Benefit-Cost Analysis of Hazard Mitigation Projects" located on the Mitigation BCA Toolkit CD (see *Section 6., Technical Assistance*). This document provides standardized benefit categories, approaches, and data inputs for many common mitigation projects.

The cost of performing the BCA and providing supporting documentation may be included by the Sub-applicant as part of the project Cost Estimate (see *Section 2.8., Cost Estimate*) or by the Applicant as part of the Grantee management costs (see *Section 1.5., Grantee Management Costs*).

2.6.1 METHODOLOGY

Applicants and Sub-applicants **MUST** use a FEMA-approved methodology to determine the BCA. Applicants and Sub-applicants are strongly encouraged to use FEMA's BCA software for their analyses, which may be obtained from FEMA by contacting the BCA helpline via phone: 1-866-222-3580, via e-mail: bchelp@fema.gov (see *Section 3., Technical Assistance*), or from the applicable FEMA Regional Office (see *Section 1.15., Regional Contact Information*). Using FEMA-approved software, the exception being the Flood Very Limited Data Module, will ensure that all calculations are prepared in accordance with OMB and FEMA's standardized methodologies and approaches and will facilitate FEMA's review process. The Flood Very Limited Data Module may **NOT** be used to demonstrate cost-effectiveness for RFC project sub-applications, only to screen projects for cost-effectiveness.

The OMB-mandated discount rate for the program is 7 percent. This discount rate is incorporated into all FEMA software programs as a default and must not be modified.

Alternative non-FEMA BCA software may be used only when the proposed methodology either addresses a non-correctable flaw in FEMA's current BCA modules or proposes a new ideology that FEMA does not currently have available and can not accommodate through the BCA modules. Alternative BCA methodologies will be considered only if the FEMA Regional Office and FEMA Headquarters approve the software prior to the Applicant's submission of the RFC grant application to FEMA. The Applicant **MUST** provide verification that FEMA has approved the alternative BCA software or methodologies. An e-mail or letter signed and dated by FEMA is considered appropriate verification. Applications using BCA's conducted with non-FEMA software not approved in advance by FEMA will not be considered for the RFC program.

FEMA has developed a simplified, alternative methodology to conduct the BCA, which may be used in lieu of, or in conjunction with, 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 was provided to the FEMA Regional Offices under separate cover titled *Guidance for Updated Alternative Determination of Cost-effectiveness for Eligible Insured Repetitive Loss Properties*. Information on the alternative approach is available from the Regional Offices (see *Section 1.15., Regional Contact Information*).

2.6.2 DOCUMENTATION

For each BCA, the Applicant/Sub-application MUST provide a copy of each page of the actual analysis used, whether the BCA was performed using FEMA software or a pre-approved alternative methodology. An electronic version of the BCA MUST be provided in Microsoft Excel as well. **BCA cover pages or summary reports will NOT constitute submission of a complete BCA. Project sub-applications without legible or complete BCA information for each property may be removed from consideration.**

Project sub-applications that do not include appropriate documentation to support the submitted BCA may be removed from consideration. The documentation must support figures, assumptions, data derivation and calculation methods used in the BCA. Sub-applications MUST include full and credible documentation, which:

- Clearly explains the data used in the analysis, including the source;
- Explains reasons and sources of information for the use of non-default values in the BCA;
- Is well organized; and
- Provides references to the appropriate parts of the analysis.

Project sub-applications should include surveys, copies of elevation certificates, copies of appropriate sections of Flood Insurance Studies (FIS) and FIRM, copies of relevant supporting information from Engineering reports and other documentation to support figures used in their BCA's. A good rule of thumb to observe is that a subject matter expert should be able to calculate the BCA based upon the information provided in the sub-application without any additional explanation. FEMA has prepared Benefit-Cost Analysis Data Documentation Templates (DDT) to assist sub-applicants in organizing and addressing all required documentation in support of the BCA. **It is suggested that a DDT be prepared and attached to the application for each project BCA.** The DDT templates are found in the FEMA on-line library or can be reached through <http://www.fema.gov/government/grant/resources/index.shtm>.

The credibility of data sources also is extremely important. FEMA recommends obtaining information from published technical sources, in particular engineering studies such as FIS's and technical web sites such as those operated by the USGS, NOAA, and a range of academic organizations and State agencies and including this information with the project sub-application. Professional licensure is strongly preferred in all cases. In addition, data from FEMA software and default values from FEMA BCA guidance located on the

Mitigation BCA Toolkit CD (see *Section 3., Technical Assistance*) will be accepted as completely credible, when software is used correctly and documentation is provided.

2.7 ENVIRONMENTAL/HISTORIC PRESERVATION COMPLIANCE

Applicants and Sub-applicants are required to provide information to support FEMA's environmental and historic preservation compliance process. **Funds will NOT be awarded and the Applicant / Sub-applicant may NOT initiate the project until FEMA has completed its review.**

A few examples of the many laws and Executive Orders for which Federal review is required are the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA), the Endangered Species Act (ESA) and the Executive Orders on Wetlands, Floodplains, and Environmental Justice. The purpose of this information is threefold:

1. It helps a Sub-applicant understand the compliance requirements for the proposed project and how in meeting some of those requirements, the overall design and cost of the project may be affected;
2. This information helps FEMA determine how well the Applicant/Sub-applicant understands these issues and has addressed them in the project design; and
3. If the project is selected, this information can be helpful in expediting the actual environmental and historic preservation compliance process that FEMA must complete before final approval and funding of the project.

Applicants and Sub-applicants are strongly encouraged to request assistance from FEMA with their environmental and historic preservation questions by contacting the FEMA helpline via phone: 1-866-222-3580, via e-mail: ehhelpline@dhs.gov (see *Section 3., Technical Assistance*), or from the applicable FEMA Regional Office (see *Section 1.15., Regional Contact Information*).

All RFC funds must be awarded no later than September 30, 2007. Applicants / Sub-applicants should be aware that delayed responses or information necessary for FEMA to complete its environmental and historic preservation reviews may prohibit FEMA from approving a sub-application and awarding RFC grants by the September 30, 2007, award deadline. Therefore, it is recommended that Applicants / Sub-applicants initiate coordination with relevant State or Federal agencies as soon as possible in order to identify any environmental or historic preservation compliance issues associated with proposed projects. Applicants with project sub-applications selected for award will be notified of the date by which all pre-award activities (including environmental and historic preservation activities) must be completed.

2.7.1 DOCUMENTATION

An accurate and thorough SOW provides crucial information to FEMA when undertaking environmental/historic preservation review (see *Section 2.4., Scope of Work*). In addition to the information provided in the SOW, Applicants/Sub-applicants **MUST** answer a series of environmental/historic preservation questions in the project sub-application to provide information about potential environmental resources and/or historic properties in the project area and potential impacts to those resources.

If the potential resources are identified, the Applicant / Sub-applicant MUST provide the following information in order for the project sub-application to be considered complete as well as the source and date for all information provided:

- The property address and original date of construction for any buildings or structures that are 50 years or more in age;
- Any identified Federally listed threatened or endangered species and its designated critical habitat in the project area;
- Vegetation, including amount (area), type, and extent to be removed or affected;
- Identification of any body of water or wetland in the project area regardless of whether the Applicant/Sub-applicant thinks there may be an effect. Information about the body of water or wetland should include the dimensions, proximity of the project activity, and the expected and possible changes to the body of water or wetland, if any; and
- Description of any disproportionate or adverse effects on low income or minority populations in the project area.

During Eligibility and Completeness Review, FEMA will review the completeness of the responses to the questions in the Environmental/ Historic Preservation section of the project sub-application and supporting documentation. Project sub-applications that do NOT include this information will not be removed from consideration, **but any delay in identifying outstanding environmental or historic preservation compliance measures may prohibit FEMA from approving a sub-application and awarding RFC grants by the September 30, 2007, award deadline** (see *Section 2.9., FEMA Review & Ranking*).

FEMA will use the information provided in the SOW, Cost Estimate, and Environmental and Historic Preservation sections of the project sub-application to perform the Environmental Review of the proposed projects (see *Section 2.10.3., Environmental and Historic Preservation Compliance Requirements*). **To expedite the environmental approval process, FEMA strongly encourages the Applicant/Sub-applicant to:**

- Work with Federal and State resource agencies to begin collecting information about potential environmental or historic preservation impacts from the proposed project and provide any documentation from the resource agency;
- Evaluate if any identified environmental or historic preservation impacts could affect the overall project feasibility or if project alternatives or changes to the design, scope or location of the project may be required to minimize potential adverse impacts;
- Determine if potential environmental mitigation or compliance measures, historic preservation treatment measures, or changes to the project to minimize adverse effects to environmental resources or historic properties may affect the overall project costs; and,
- Provide as much supporting documentation as available at the time of the sub-application submission, including clearly labeled maps, diagrams, photographs, or letters/ documentation from resource agencies; and
- Utilize the Environmental and Historic Preservation section of the project sub-application available online to print or copy from the FEMA website at

<http://www.fema.gov/government/grant/rfc/index.shtm>. The project sub-application provides the necessary information for FEMA to determine the eligibility of proposed projects under the RFC program, including a thorough evaluation of Environmental and Historic Preservation impacts.

2.7.2 CONDITIONS PLACED ON THE AWARD OF FUNDS

For mitigation project sub-applications selected for further review, FEMA will complete the environmental/historic preservation review with the assistance of both the Applicant and the Sub-applicant as part of its Pre-award Activities (see *Section 2.10., FEMA Pre-award Activities*).

FEMA's evaluation of the potential impacts of the proposed project and consultation with appropriate Federal and State resource agencies may identify measures that must be taken to avoid, minimize, or compensate for adverse effects of the project. These resulting required environmental impact mitigation or historic preservation treatment measures will be required as conditions of the grant award. These conditions may include a broad range of potential measures. Depending on the type of property or resource affected and the scope of the project, the measures may be minimal or extensive.

The Applicant/Sub-applicant should ensure to the best of their ability that costs of any potential environmental impact mitigation or historic preservation treatment measures to address potential adverse impacts are realistically reflected in the Cost Estimate (see *Section 5.5., Cost Estimate*). Clean-up costs associated with hazardous materials, however, are **not** eligible project costs (see *Section 2.3.2.2., Hazardous Materials and Property Acquisitions*). The Applicant/Sub-applicant is encouraged to provide an explanation of how the Cost Estimate was developed to include costs associated with anticipated environmental/historic preservation treatment measures. All such costs, if required as result of the review and consultation process, may be eligible if included as part of the project sub-application Cost Estimate.

The amount of the Federal share may NOT be increased to cover any additional environmental impact mitigation or historic preservation treatment measure costs identified after the application deadline. If the estimated additional costs of the environmental compliance measures exceed the Cost Estimate submitted, the Applicant /Sub-applicant may accept the sub-grant award and pay the additional costs or decide not to accept the sub-grant award. FEMA may rescind the sub-grant if any conditions of the award are not implemented as agreed upon or if the Applicant/Sub-applicant initiates the project prior to FEMA's completion of the environmental/historic preservation review. FEMA and the Applicant MUST complete the environmental/historic preservation review and finalize any treatment measures identified as a condition of receipt of the award prior to September 30, 2007, or the project sub-application will not be approved for award.

2.8 PROJECT SUB-APPLICATION CHECKLIST

Sub-applications provide the scope of work and other necessary information for each proposed project that allows FEMA to review projects for eligibility and completeness and to select projects for award. Sub-applicants MUST submit a separate project sub-application for each

project for which RFC funding is requested. RFC applications will not be accepted electronically via eGrants in FY 2007; however, Sub-applicants **must** submit project sub-applications that follow the eGrants format, available online to print or copy from the FEMA website at <http://www.fema.gov/government/grant/rfc/index.shtm>. The project sub-application provides all of the necessary information for FEMA to determine the eligibility of proposed projects under the RFC program. The project sub-application **must** include the following information:

1. **Applicant Information** – Provide name, type of sub-applicant (*e.g.*, State Agency, Local, Indian tribe), address, State and Federal Tax numbers, and Employer Identification Number.
2. **Contact Information** – Provide name, agency, and address for the point(s) of contact for the sub-application.
3. **Community Information** – Provide name of community and brief description of the community to include population, location, any geographic areas of interest, a synopsis and history of hazards affecting the community, and other applicable information that will clarify the need for the mitigation project.
4. **Reduced Capacity Certification** – Provide certification that the proposed activities can not be funded under the FMA program, and an explanation why the State or community can not meet the non-Federal match, or lacks the capacity to manage the activities under the FMA program.
5. **Mitigation Plan Information:** Indicate whether the State/Indian tribe/territory is covered by a FEMA-approved State/Indian tribal Standard or Enhanced hazard mitigation plan; if applicable, indicate whether the local entity in which the project is located is covered by a FEMA-approved Indian tribal/local hazard mitigation plan; and describe how the proposed project is consistent with the goals, objectives, and priorities identified in any existing hazard mitigation plans. Provide reference to planning documents (*i.e.*, section and page number).
6. **Scope of Work** – Describe the objectives, methodology, feasibility, outcomes, resources, deliverables, and benefits of the proposed project, including the hazard(s) to be mitigated, and location of project (*e.g.*, appropriate sections of FIRM), and engineering design, feasibility and effectiveness for relocation projects (see *Section 2.4., Scope of Work*).
7. **Activity Information** – Identify the type of activity proposed (*e.g.*, acquisition and demolition or acquisition and relocation) (see *Section 2.2., Eligible Mitigation Project Activities*).
8. **Properties** – Provide a list of properties to be mitigated. For each property, provide the address, latitude and longitude, NFIP repetitive loss number, Fair Market Value (FMV), and BCA. In addition, provide a letter of interest or from the owner of each property identified.
9. **Schedule** – Provide timeframes to complete each project task (*e.g.*, survey, appraisal, permitting, inspection requirements, site preparation), and significant milestones throughout the entire performance period (see *Section 1.11., Performance Period*);

10. **Cost Estimate**– Provide all anticipated and potential costs for each proposed project activity. Provide an Approved Indirect Cost Agreement, if applicable. Include URA, if applicable (see *Section 2.5., Cost Estimate*).
11. **Cost-effectiveness Information**– Provide complete BCA and documentation for each property, including damage history, methodology used for the event frequency determination, and all BCA's to support property Benefit-Cost Ratios (see *Section 2.6., Cost Effectiveness*).
12. **Environmental & Historic Preservation Review** -- Provide a description of Environmental / Historic Preservation impacts and the alternatives considered prior to deciding upon the project (see *Section 2.7., Environmental/Historic Preservation Compliance*).
13. **Maintenance Schedule and Costs** – Provide a maintenance schedule, including cost information, and identify the entity that will perform long-term maintenance (see *Section 2.3.4., Project Maintenance*).
14. **Property Acquisition Statement of Assurances** – Provide signed statement of agreement with certain assurances required for projects involving property acquisition (see *Section 2.3.3., Property Acquisition Requirements*; additionally, see FEMA's RFC website for a model statement of assurances <http://www.fema.gov/government/grant/rfc/index.shtm>).

2.9 FEMA REVIEW & RANKING

2.9.1 ELIGIBILITY & COMPLETENESS REVIEW

FEMA will review all project sub-applications to ensure the following:

- Eligibility of the Applicants/Sub-applicants (see *Section 1.3., Grant Program Eligibility*);
- Eligibility of proposed activities, properties and costs (see *Section 1.4., Eligible Activities and Associated Costs*);
- Completeness of Scope of Work (see *Section 2.4., Scope of Work*);
- Completeness of the Cost Estimate and consistency with the Scope of Work (see *Section 2.5., Cost Estimate*);
- Demonstrated Reduced Capacity of State or community (see *Section 1.6.3., Reduced Capacity Requirements*);
- State/Indian tribal planning requirements are met, and consistency of mitigation projects with the Applicant's State/Indian tribal hazard mitigation plan and, if available, local/Indian tribal or university hazard mitigation plan (see *Section 1.6.1., Planning Requirements*);
- Feasibility and effectiveness of mitigation projects, particularly for relocation projects, including complete supporting documentation (see *Section 2.4., Scope of Work*);
- Benefit-cost ratio of 1.0 or greater for the proposed mitigation project (see *Section 2.6., Cost Effectiveness*);

- Technical accuracy, complete supporting documentation, and source credibility of the BCA information for each property (see *Section 2.6., Cost Effectiveness*); and
- Supporting documentation and inclusion of appropriate environmental mitigation measure and historic property treatment measures in the Cost Estimate (see *Section 2.7., Environmental/Historic Preservation Compliance*).

Project sub-applications that do not satisfy the eligibility and completeness requirements will be removed from consideration.

2.9.2 BENEFIT-COST TECHNICAL REVIEW

FEMA will conduct a Benefit-Cost Technical Review for a detailed and comprehensive review of the BCA's for mitigation projects. The Benefit-Cost Technical Review will be based on the documentation provided in the project sub-application. Project sub-applications **MUST** demonstrate cost-effectiveness through a Benefit-Cost Ratio of 1.0 or greater (see *Section 2.6, Cost Effectiveness*).

During both the Eligibility and Completeness and Benefit-Cost Technical Reviews, FEMA may contact Applicants or Sub-applicants to request additional information or clarification on BCA documentation submitted in the sub-application. **However, Applicants/Sub-applicants must provide any information requested from FEMA to support the BCA within a specific timeframe identified in the request. At no time after the application deadline may the Applicant / Sub-applicant submit information that is not requested by FEMA.**

FEMA has developed a review methodology based on a series of key data points related to FEMA's BCA software that have a significant influence on the outcome of the analysis. The technical review process will focus on the data that have the greatest impact on the BCR. FEMA will determine the reasonableness, credibility, and accuracy of all BCA's by reviewing each data point of the BCA in three key areas:

1. **Technical Accuracy:** FEMA has established a series of review criteria for each combination of hazard and analysis type (engineering data or frequency-damage). The key data points of greatest influence differ depending upon the hazard being addressed and the chosen methodology. The BCA review methodology associates higher weight to data points of greater importance.
2. **Supporting Documentation:** Every data point in the BCA should be clearly documented and included in the project application. Deviations from standard procedures, guidance, techniques, or FEMA default values should be thoroughly explained and documented. The BCA review methodology associates higher scores to better documentation of data derivation methods and assumptions in the project application. Projects not adequately documented may be removed from consideration.
3. **Source Credibility:** The more technical the data and the more it influences the outcome of the BCA, the more emphasis the Benefit-Cost Technical Review panel will place on

the credibility of its source. Data used in the BCA should be from a reliable source (*i.e.*, licensed engineer, architect, or appropriate local official).

BCA's that are technically correct and thoroughly documented will be validated. However, when insufficient or conflicting information is provided in the project sub-application, FEMA may contact the Applicant to verify any correctable information. **Applicants must provide any information requested from FEMA to support the BCA within a specific timeframe identified in the request.** The Benefit-Cost Technical Review panel may prepare a new, technically correct and defensible BCA(s) to calculate a BCR for the project. The panel will prepare new BCA(s) as follows:

- Resolve conflicting information between the application, support data, and BCA(s);
- Correct user input errors in the BCA(s);
- Use FEMA default values in the BCA(s) instead of "User-defined" values not substantiated in the sub-application;
- Include all documented project and maintenance costs in the BCA(s);
- Use data in the sub-application that was not included in the Sub-applicant's BCA(s) to improve the accuracy of the BCA's; and
- Remove unsubstantiated benefits from the BCA(s).

Projects where BCR's are inadequately documented or where critical data or sources appear unreasonable may be removed from consideration.

2.9.3 NATIONAL RANKING

FEMA will rank all eligible mitigation project sub-applications on the basis of the greatest savings to the NFIF as demonstrated by the verified BCA. All projects will be ranked from highest verified BCA to lowest verified BCA. The Approving Federal Official at FEMA Headquarters will consider the National Ranking and other program priorities in determining which projects are selected for award up to the amount of funds available for the RFC program.

Eligible project sub-applications not selected for RFC grant awards during the FY 2007 cycle will be placed on a waiting list and may be considered for RFC grant awards during the FY 2008 RFC program funding cycle.

2.10 FEMA PRE-AWARD ACTIVITIES

FEMA will work with Applicants who have approved project sub-applications to implement required pre-award activities prior to grant award. FEMA may, at its discretion, request information or documentation from Applicants to support certain project sub-applications as part of pre-award activities. Applicants must respond to requests for information from the FEMA Regional Offices regarding their project sub-applications within the specified timeframe. Applicants with project sub-applications selected for award will be notified of the date by which all pre-award activities must be completed.

2.10.1 PROPERTY ACQUISITION AND RELOCATION REQUIREMENTS

The Sub-applicant must submit documentation that the Sub-applicant has consulted the U.S Army Corps of Engineers and the State Department of Transportation regarding potential future land use conflicts with open-space acquisition. Additionally, the Sub-applicant must submit a copy of the deed restriction, incorporating the specific language from FEMA's model deed restriction, which the local government will record with acquired properties (see *Section 2.3.2.4., Property Acquisition and Relocation Requirements*).

2.10.2 GEO-CODING REQUIREMENTS

FEMA will work with Applicants to ensure that geo-coding information is provided prior to award, including individual property information on properties mitigated (see *Section 2.3.3., Geo-Coding Requirements*).

2.10.3 ENVIRONMENTAL AND HISTORIC PRESERVATION COMPLIANCE REQUIREMENTS

FEMA will complete the environmental/historic preservation compliance review for projects approved for award as part of pre-award activities (see *Section 2.7., Environmental/Historic Preservation Compliance*). Certain projects are of a nature that environmental/historic review can be accomplished with the information provided in the sub-application. Other projects may require some additional review, or extensive review. FEMA will often request that the Applicant and Sub-applicant work with FEMA in the review process. **Funds will NOT be awarded and the Applicant / Sub-applicant may NOT initiate the project until FEMA has completed its review. FEMA and the Applicant MUST complete the environmental/historic preservation review and finalize any environmental impact mitigation or historic preservation treatment measures identified as a condition of receipt of the award prior to September 30, 2007, or the project sub-application will not be approved for award.**

2.11 UPDATING REPETITIVE LOSS DATABASE FOR MITIGATED PROPERTIES

In order to maintain accurate, up-to-date records of all repetitive loss properties mitigated as a result of FEMA mitigation grants, FEMA requires the submission of Form AW-501, *NFIP Repetitive Loss Update Worksheet* (OMB #1660-0022). Typically, this form is completed by the State or community, but may be completed by a Region with appropriate documentation that shows any changes in the status of a property (*e.g.*, elevation certificate). This form, along with the transmittal sheet or other document signed by an authorized community official, must be submitted for each property mitigated with RFC funds prior to closeout. Form AW-501 and instructions for completing and submitting the Form are available on FEMA's web page, <http://www.fema.gov/government/grant/rfc/index.shtm> or from the Regional Offices (see *Section 1.15., Regional Contact Information*).

SECTION 3 TECHNICAL ASSISTANCE

3.1 PROJECT TECHNICAL ASSISTANCE

FEMA will provide technical assistance to both Applicants and Sub-applicants by answering general questions about the RFC program at all times, and by providing technical assistance related to specific project sub-applications after the application period opens. FEMA will also provide technical assistance regarding the application process. FEMA will provide general technical assistance to both Applicants and Sub-applicants related to project engineering feasibility and effectiveness, BCA, and Environmental/Historic Preservation compliance during the application period. FEMA encourages Applicants and Sub-applicants to seek technical assistance early in the application period by contacting their FEMA Regional Office (see *Section 1.15., Regional Contact Information*).

3.2 ENGINEERING FEASIBILITY TECHNICAL ASSISTANCE

FEMA may provide technical assistance to Applicants and Sub-applicants regarding the level of documentation and the types of information that FEMA will need to adequately review the feasibility and effectiveness of proposed projects. In addition, FEMA may provide technical assistance to Applicants and Sub-applicants regarding the completeness and accuracy of project cost estimates.

To assist Applicants and Sub-applicants with developing project proposals, the following guidance documents are available on FEMA's web site at <http://www.fema.gov/government/grant/rfc/index.shtm>, or from the Regional Offices (see *Section 1.15., Regional Contact Information*):

- For the documentation of their proposed projects, a Sample Engineering Case Study for acquisition projects. The case study provides examples of the information needed for proposed mitigation projects and highlights the importance of the Scope of Work and Cost Estimate sections of the project sub-application as they relate to documentation for the engineering and feasibility review. The case study is not a sample application and should only be used as guidance.
- To assist Applicants applying for funding under FEMA's mitigation grant programs Procedures for Developing Scopes of Work for five common flood project types. The purpose of these documents is to provide guidance to Applicants and Sub-applicants regarding collection of the administrative and technical data that FEMA requires.
- *Property Acquisition Handbook for Local Communities* (FEMA 317) provides a "how to" guide to help communities work through property acquisition (also referred to as "buyout").

3.3 BENEFIT-COST ANALYSIS TECHNICAL ASSISTANCE

FEMA has prepared a Mitigation BCA Toolkit CD. This CD includes all of the FEMA BCA software, technical manuals, BCA training courses, and other supporting documentation. Applicants and Sub-applicants may obtain the FEMA Mitigation BCA Toolkit CD free from

FEMA by contacting the Technical Assistance Helpline or the applicable FEMA Regional Office (see *Section 1.15., Regional Contact Information*).

FEMA will provide technical assistance on the BCA data needs and documentation requirements during the application period. The BCA technical assistance provided to potential Applicants and Sub-applicants may cover:

- Use of the FEMA Mitigation BCA Toolkit CD;
- Use of the BCA Data Documentation Templates found on the Toolkit CD;
- Proper use of the BCA modules, procedures, and methodologies; and
- How to prepare detailed Cost Estimates.

During both the Eligibility and Completeness and Benefit-Cost Technical Reviews, FEMA may contact Applicants or Sub-applicants to request additional information or clarification on BCA documentation in the sub-application.

3.4 ENVIRONMENTAL/HISTORIC PRESERVATION TECHNICAL ASSISTANCE

The Applicant and Sub-applicant may find specific guidance on completing the Environmental/Historic Preservation questions in the Environmental/Historic Preservation Information section of the project sub-application linked on FEMA's website at <http://www.fema.gov/government/grant/resources/index.shtm>.

In addition, an eLearning Tool is available to assist Applicants and Sub-applicants with answering the Environmental/Historic Preservation questions and provides interactive and dynamic, context-sensitive help, instructions, and resources for each of the parts of the Environmental/ Historic Preservation Information section of the project sub-application. Although developed for the Pre-Disaster Mitigation (PDM) grant program, the eLearning Tool may be utilized for all of FEMA's mitigation grant programs. The eLearning Tool also highlights Environmental/Historic Preservation considerations that may need to be addressed in other parts of the project sub-application, such as the Scope of Work and Cost Estimate. The Help Module can be reached through <http://www.fema.gov/government/grant/resources/index.shtm>.

FEMA also offers training related to Environmental and Historic Preservation online through the National Emergency Training Center Virtual Campus. This interactive, computer-based, independent study course is designed to provide the user with the basic background and practical knowledge needed to participate in FEMA's Environmental and Historic Preservation Review process; help the user understand how the Environmental/Historic Preservation Review process applies to various projects proposed under FEMA's programs; and, provide the resources necessary for the user to accomplish Environmental/Historic Preservation responsibilities. The Independent Study course, IS 253, includes interactive knowledge checks, case studies, and resource materials. Please visit the FEMA website at <http://training.fema.gov/EMIWeb/IS/is253.asp> for more information about the online course or contact your FEMA Regional Office (see *Section 1.15., Regional Contact Information*).

3.5 PROJECT TECHNICAL ASSISTANCE HELPLINES

FEMA established Technical Assistance Helplines to provide assistance to Applicants and Sub-applicants with engineering feasibility and effectiveness; BCA, including BCA software, technical manuals, and other BCA references; and Environmental/Historic Preservation compliance for project sub-applications. The Helplines can be reached via phone: 1-866-222-3580 or e-mail: enghelpline@dhs.gov; bchelpline@dhs.gov; and ehhelpline@dhs.gov, respectively, and a representative will respond within two (2) business days.