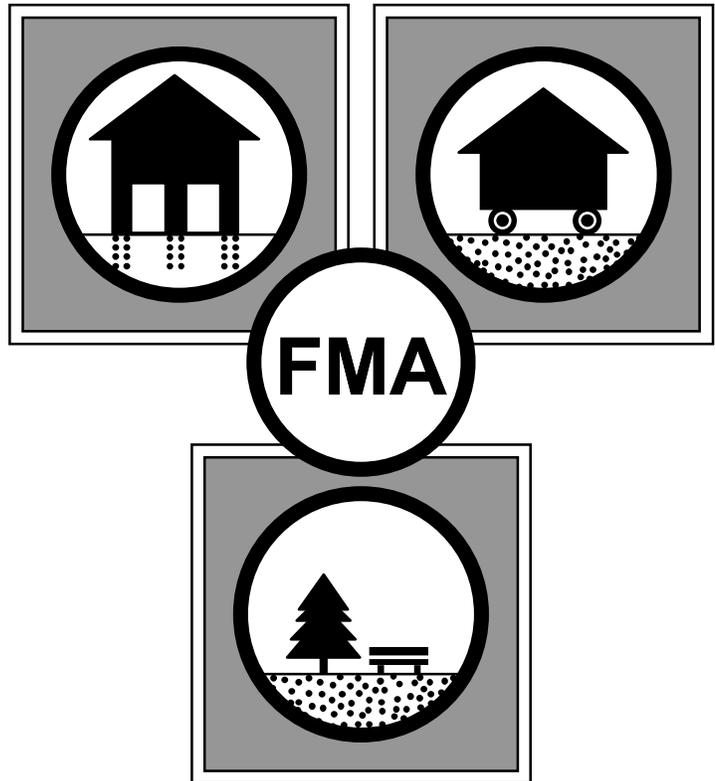


FLOOD MITIGATION



ASSISTANCE

GUIDANCE

Federal Emergency Management Agency (FEMA)

FLOOD MITIGATION ASSISTANCE (FMA)

With the passage of the National Flood Insurance Reform Act of 1994 (NFIRA), Congress authorized the establishment of a Federal grant program to provide financial assistance to States and communities for flood mitigation planning and activities. The Federal Emergency Management Agency (FEMA) has designated this Flood Mitigation Assistance (FMA).

Under FMA, FEMA provides assistance to States and communities for activities that will reduce the risk of flood damage to structures insurable under the National Flood Insurance Program (NFIP). FMA is a State-administered, cost-share program through which States and communities can receive grants for flood mitigation planning, technical assistance, and mitigation projects.

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Chapter 1: Overview of Flood Mitigation Assistance

Program Goals

The overall goal of FMA is to fund cost-effective measures that reduce or eliminate the long-term risk of flood damage to buildings, manufactured homes, and other National Flood Insurance Program (NFIP)-insurable structures.

The goals of FMA are to:

- ◆ Reduce the number of repetitively or substantially damaged structures and the associated claims on the National Flood Insurance Fund.
- ◆ Encourage long-term, comprehensive mitigation planning.
- ◆ Respond to the needs of communities participating in the NFIP to expand their mitigation activities beyond floodplain development review and permitting.
- ◆ Complement other Federal and State mitigation programs with similar, long-term mitigation goals.

Three Types of FMA Grants

There are three types of FMA grants:

- ◆ **Planning grants** to assist States and communities in developing Flood Mitigation Plans. Under Section 1366, a FEMA-approved Flood Mitigation Plan is required in order for a State or community to receive an FMA project grant.
- ◆ **Project grants** to fund eligible flood mitigation projects. FEMA encourages States to prioritize the mitigation activities outlined in their Flood Mitigation Plans and fund projects that will greatly reduce or eliminate the risk of flood damage to buildings, manufactured homes, and other NFIP-insurable structures. Mitigation of repetitively or substantially damaged structures is a high priority.
- ◆ **Technical assistance grants** to assist States in providing technical assistance to applicants in applying for the program or in implementing approved projects.

Purpose and Organization of This Manual

This document provides guidance to States that are interested in participating in FMA. It is divided into seven chapters as follows:

1. Overview of Flood Mitigation Assistance
2. State, Community, and Federal Roles
3. FMA Planning Grants
4. FMA Projects Grants
5. FMA Technical Assistance Grants
6. Applicant Cost-Share Requirements and Limitations on Funding
7. Grants Management

The first page of each chapter contains a list of the topics addressed in the chapter. The Table of Contents for this guidance document also lists the chapter topics.

THE NFIRA

SEC. 1366. (a) **AUTHORITY.**—The Director shall carry out a program to provide financial assistance to States and communities, using amounts made available from the National Flood Mitigation Fund under section 1367, for planning and carrying out activities designed to reduce the risk of flood damage to structures covered under contracts for flood insurance under this title. Such financial assistance shall be made available to States and communities in the form of grants under subsection (b) for planning assistance and in the form of grants under this section for carrying out mitigation activities.

42 U.S.C. 4104c

THE NFIRA

SEC. 1367. (b) **CREDITS.**—The National Flood Mitigation Fund shall be credited with—

- (1) amounts from the National Flood Insurance Fund . . . ;
- (2) any penalties collected under section 102(f) of the Flood Disaster Protection Act of 1973; and
- (3) any amounts recaptured under section 1366(i).

42 U.S.C. 4104d

National Flood Insurance Reform Act of 1994

The legal basis for FMA is the National Flood Insurance Reform Act of 1994 (NFIRA), Sections 1366 and 1367 (42 U.S.C. 4101). Section 1366 assigns the FEMA Director the authority and responsibility for carrying out the program. Section 1367 establishes the National Flood Mitigation Fund to fund FMA grants.

FMA will replace the former 1362 Real Property Acquisition and Upton-Jones erosion protection programs. FMA is broader in purpose and more flexible than these programs.

Appendix A contains Sections 1366 and 1367 of the NFIRA for your reference.

National Flood Mitigation Fund

The NFIP is a program which makes federally backed flood insurance available in those States and communities that agree to adopt and enforce floodplain management measures. The funding source for the National Flood Insurance Program is the National Flood Insurance Fund. Moneys for the National Flood Insurance Fund come from insurance premiums paid by policyholders in the NFIP. Section 1367 of the NFIRA specifies that the primary funding source for the National Flood Mitigation Fund is the National Flood Insurance Fund. This approach reflects a long-term strategy in which insurance funds are invested in activities that will reduce future claims against the National Flood Insurance Fund.

FMA's success in reducing future flood insurance claims depends on the ability of States and communities to develop and maintain long-term Flood Mitigation Plans. States will award FMA grants to fund cost-effective projects that reduce flood damage, with priority given to repetitively or substantially damaged structures. FMA's strategy is intended to keep future flood insurance premiums down by reducing claims against the National Flood Insurance Fund.

Performance Partnership Agreements and Cooperative Agreements

FEMA's Performance Partnership Agreement/Cooperative Agreement (PPA/CA) process will be the primary grants management process used by States for administering FMA. There are a few exceptions to this rule, and they are described in the next section. However, the following information about the PPA/CA process applies to most States.

The PPA/CA grants management process for administering pre-disaster preparedness and mitigation program grants consists of two parts. The first is the Performance Partnership Agreement, which is a multi-year agreement between the State and the Federal Government, structured as a strategic plan. The PPA establishes national and State-specific partnership goals and objectives that guide the State's program activities over a specified period of years. In most cases the State Emergency Management Director serves as the State's PPA Point of Contact.

The second part of the process is the Cooperative Agreement. In the context of the PPA, CAs are annual financial and technical assistance agreements for multiple pre-disaster preparedness and mitigation programs. CAs include lists of activities (outcomes) which a State will undertake in order to achieve State PPA objectives. CAs also describe technical assistance to be provided by FEMA in order to help the State meet PPA objectives.

FMA is designed to be consistent with the basic principles of the PPA/CA process by:

1. Emphasizing and providing support for long-term, strategic planning.
2. Incorporating FMA into the annual CA agreement in order to identify and achieve State and Federal long-term and short-term program goals.
3. Streamlining program requirements.

4. Providing States with control and flexibility in FMA implementation by empowering States to:
 - ◆ Determine the process by which State agencies and communities apply for grants.
 - ◆ Evaluate grant applications.
 - ◆ Determine funding priorities for planning and project grants.
 - ◆ Award FMA planning grants.
 - ◆ Evaluate project grant applications based on minimum eligibility criteria and State priorities.
5. Maintaining consistency among FMA and other FEMA-funded programs to the extent possible in order to minimize the States' administrative workload by:
 - ◆ Allowing States and communities to submit mitigation plans developed for other FEMA programs with few or no modifications.
 - ◆ Incorporating States' requests for FMA participation into the annual CA negotiation rather than requiring a separate application process.
 - ◆ Incorporating FMA reporting requirements into the annual CA reporting requirements.

To support FMA, States should use both their PPA and annual CA to address how they plan to disseminate planning, project, and technical assistance grants, keeping in mind funding limitations over the long term. The PPA/CA can also be used to develop processes for awarding project grants. Goals and objectives relating to FMA should be negotiated between the State and Region, and included in their PPA/CA. FMA activities should be linked to specific objectives provided in the State's CA.

Some States have expressed concerns about the fact that FMA planning grant funds can be used over a 3-year period, and that project grants may cause the CA to remain open beyond the normal period of 1 fiscal year. However, the Office of Financial Management has advised that components of the annual CA can be closed at different times. Therefore, the Region can work with the State to close out the CA for all programs except FMA. The FMA portion would then be closed later, when all FMA work is completed based on the agreed-upon period of performance.

To receive FMA funds using the PPA/CA, States should request participation in FMA during their annual CA negotiation with the FEMA Regional Office. Guidance for States using the PPA/CA process for FMA is included in Chapter 7 (Grants Management), and specific instructions, application forms, and reporting forms are included in Appendix F.

Instructions for States Not Using the PPA/CA Process for FMA

Some States may choose to receive funds through a separate Cooperative Agreement outside of the PPA/CA process. For the purposes of this guidance, this will be referred to as an FMA Cooperative Agreement.

States may elect to develop FMA CAs under the following circumstances. If the FMA State coordinating agency is not the State Emergency Management Agency, and each agency wants a separate Cooperative Agreement, then it is appropriate to have a separate FMA CA. Also, if the State Emergency Management Agency serving as the FMA coordinating agency wants a separate FMA CA for other administrative reasons, an exception may be granted by the FEMA Region in coordination with Headquarters. Most of the information in Chapter 7 and the application forms shown in Appendix F apply to States using FMA CAs, as well as States using the PPA/CA.

Handling Applications From Communities in Non-Participating States and American Indian and Alaska Native Tribal Governments

Communities that are in States not participating in FMA may submit applications directly to the FEMA Regional Office for planning and project grants. Communities will receive technical assistance for applying for project and planning grants from the FEMA Region, and therefore will not need to receive technical assistance funds directly. If planning and project grants are awarded to communities in non-participating States, they will be awarded funds under a separate FMA Cooperative Agreement. Communities will use the same application and reporting procedures and forms described in Chapter 7 and shown in Appendix F. Communities receiving grants in non-participating States will assume the State roles and responsibilities as the grantee described in Chapter 2.

American Indian and Alaska Native tribal governments can choose to apply directly to the FEMA Regional Office for FMA planning and project grants. Tribes requiring assistance with the FMA application process can seek such assistance directly from the FEMA Region, rather than applying for technical assistance grants. Refer to Chapter 5 for more information on the types of technical assistance available.

American Indian and Alaska Native tribal governments can also choose to apply for FMA planning and project grants through FMA participating States. In such cases, the tribe will be eligible to receive planning and project grants, and limited technical assistance from the State to facilitate the application process. If an Indian tribe is in a State not participating in FMA, the tribe should apply directly to the FEMA Region for planning and project grants.

If planning and project grants are awarded directly to tribes, they will be awarded funds under an FMA CA. Tribes will use the same application and reporting procedures and forms described in Chapter 7 and shown in Appendix F. Tribes will assume the State roles and responsibilities as the grantee described in Chapter 2.

Distribution of Funds: Methodology and Notification

FEMA Headquarters will allocate FMA grants for planning, technical assistance, and projects annually to each FEMA Region for distribution among States that have requested participation in the program. Each State's allocation will be based on the number of flood insurance policies in force and the number of repetitive loss structures. The weight given to each of these factors in figuring the total target allocation for each State will be determined annually.

Specific information is provided below on the notification schedule for each type of FMA grant allocation. Notification of specific target allocations will be made to the State through the PPA/CA process, or separate FMA CA process.

- ◆ **Planning Grants.** At the beginning of each fiscal year, FEMA Headquarters will determine target allocations for planning grants for FMA. Target allocations for planning grants may be reallocated at the end of each fiscal year by the Region or Headquarters.
- ◆ **Project Grants.** States will be informed of target allocations for project grants at the beginning of each fiscal year, as with planning and technical assistance grants. However, since FEMA is responsible for approving projects, the project funds will be distributed as applications are approved. Target allocations for project grants may also be reallocated at the end of the year by the Region or Headquarters.
- ◆ **Technical Assistance Grants.** At the beginning of each fiscal year, FEMA Headquarters will determine target allocations for technical assistance grants for FMA. Target allocations for technical assistance grants may be reallocated at the end of each fiscal year by the Region or Headquarters.

At the end of each quarter (except the final quarter), the State should determine and inform the Regional Director of any surpluses or anticipated surpluses in funding that cannot or will not be used in completing projects for which funds have been allocated. Similarly, the State should report any deficiencies or anticipated deficiencies in funding needed to complete project objectives that cannot be met.

Program Schedule

The FMA program schedule is consistent with the annual PPA/CA schedule, which includes:

- ◆ A period of approximately 6 months prior to the start of the Federal fiscal year, during which States receive FEMA Requests for Applications from the FEMA Regional Office, participate in workshops/conferences and negotiations, and submit applications to the Region.
- ◆ Awarding of planning and technical assistance grants to States at the beginning of the fiscal year.
- ◆ Awarding of project grants as project applications are approved.
- ◆ A schedule of deadlines for quarterly financial reports and biannual performance reports.

The schedule is published annually in the PPA/CA guidance. This same schedule will apply to States electing to adopt a separate FMA CA.

FMA and Other FEMA Mitigation Programs

A number of other FEMA programs provide mitigation funding to States and communities through the PPA/CA. (These programs are described in the annual PPA/CA guidance.)

- ◆ The State Hazard Mitigation Program (SHMP) provides financial assistance for the development of a comprehensive Statewide hazard mitigation program.
- ◆ The Earthquake Program (EP) provides funds to States for the development of comprehensive risk-reduction programs/measures to reduce future earthquake damages and losses.
- ◆ The Hurricane Program (HP) works to improve sustained hurricane hazard mitigation and preparedness capabilities at the Federal, State, and local levels.
- ◆ The Community Assistance Program—State Support Services Element (CAP-SSSE) provides funding to States to support NFIP community compliance activities.



In FY97, FEMA began consolidating the SHMP, HP, and EP into a single, multi-hazard assistance program called the Mitigation Assistance Program (MAP). The SHMP and HP were combined into MAP in FY97. FEMA plans to combine the EP into MAP in FY98. MAP will significantly improve States' ability to direct funds to address priority needs. In addition, the Hazard Mitigation Grant Program (HMGP) provides post-disaster funds for mitigation projects. States and communities can use these FMA funds plus other FEMA program funds to meet their long-term mitigation goals.

FEMA developed FMA to be flexible enough to work with existing programs with similar, long-term mitigation goals while meeting FMA's unique goal of reducing flood damage claims on the National Flood Insurance Fund. FMA is designed to:

- ◆ Provide mitigation construction grants.
- ◆ Support States and communities in developing long-term mitigation strategies.
- ◆ Help States and communities identify and prioritize, on an ongoing basis, cost-effective uses of funds that may be available through other programs.



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Chapter 2: State, Community, and Federal Roles

This chapter describes the roles and responsibilities of the State, communities, and Federal Government in developing and implementing FMA.

State's Role as Program Administrator

States have the lead role in administering FMA. States have the authority and responsibility for developing and maintaining a State Flood Mitigation Plan, reviewing FMA grant applications, setting mitigation funding priorities, and awarding FMA planning and project grants to eligible applicants. States are also responsible for ensuring that projects funded by FMA are completed and that all performance and financial reporting requirements are met.

The Governor of each participating State shall appoint an FMA State Point of Contact (POC) who is familiar with the NFIP as well as other mitigation activities at the State level. The POC shall:

- ◆ Submit requests for FMA participation as part of the State's annual PPA/CA negotiation with FEMA, or through a separate FMA CA.
- ◆ Develop and maintain a FEMA-approved State Flood Mitigation Plan.
- ◆ Establish grant application procedures and notify communities of the availability of FMA planning and project grants.
- ◆ Provide technical assistance to communities applying for FMA grants or implementing FMA mitigation projects.
- ◆ Review all grant applications to ensure completeness, basic eligibility, and consistency with the Flood Mitigation Plan.
- ◆ Prioritize mitigation activities and award FMA planning and project grants.

- ◆ Forward project applications to FEMA Regional Office for review and final eligibility approval.
- ◆ Ensure that all State agencies and communities that receive FMA grants comply with the performance and financial reporting requirements of 44 CFR Part 13.40, *Monitoring and Reporting Program Performance*, and Part 13.41, *Financial Reporting*.

The POC should be the focal point for communications with the FEMA Regional Office regarding FMA.

FEMA encourages the State POC, or the State agency responsible for administering FMA, to coordinate projects with other State agencies, standing State hazard mitigation teams or councils, and other individuals interested in mitigation, including the State Hazard Mitigation Officer (SHMO), representatives of the NFIP State coordinating agency, and staff implementing other FEMA mitigation programs.

Community's Role

The role of the community is to develop and implement a flood mitigation strategy to reduce the risk of flood damages to NFIP-insurable structures within the community.

To a large extent, the specifics of a community's responsibilities under FMA are determined by the policies and procedures the State establishes for administering FMA. However, at a minimum, communities will:

- ◆ Maintain their status as an NFIP-participating community.
- ◆ Develop and update a Flood Mitigation Plan to be submitted through the State to FEMA for approval.
- ◆ Involve the public in the development of the Flood Mitigation Plan.
- ◆ Request technical assistance from the State, as needed, to prepare an FMA grant application or implement an FMA project.
- ◆ Apply to the State for FMA planning or project grants using application procedures established by the State.
- ◆ Implement approved projects in accordance with the grant agreement.

44 CFR PART 13

Section 13.1. Purpose and scope of this part.

This part establishes uniform administrative rules for Federal grants and cooperative agreements and subawards to State, local, and Indian tribal governments.

44 CFR PART 14

Section 14.1. Scope of this part.

(a) This part contains standards for non-Federal audits of recipients of financial assistance from the Federal Emergency Management Agency This includes, without limitation, assistance under the Disaster Relief Act of 1974 as amended, and the Federal Civil Defense Act of 1950, as amended.

(b) FEMA may not impose on recipients additional requirements concerning non-Federal audits. However, it may provide recipients with suggestions and assistance on this subject.

- ◆ Comply with FMA requirements, 44 CFR Parts 13 and 14, the grant agreement, and all applicable Federal, State, and local laws and regulations. 44 CFR Parts 13 and 14 contain financial and audit documentation requirements for Federal grants.
- ◆ Account for appropriate uses of grant funds to the State POC.

Federal Role

FEMA's role is to work with States to incorporate FMA into the PPA/CA process, distribute FMA funds among the States, and support the States in administering FMA by providing technical and other assistance.

FEMA also exercises review and approval authority as described below:

1. The NFIRA assigns FEMA the responsibility of reviewing and approving the Flood Mitigation Plan required of any State or community receiving an FMA project grant. (Chapter 3 of this guidance contains more information about the Flood Mitigation Plan requirement.)
2. FEMA is required to review and approve the environmental documentation and benefit-cost analysis required for approval of a flood mitigation project.
3. FEMA approves project grant applications prioritized by the State for funding.

As the Federal agency responsible for implementing FMA, FEMA is also responsible for reviewing performance and financial reports submitted by the States as agreed upon in the PPA/CA or FMA CA to ensure compliance with all 44 CFR Part 13 requirements. FEMA will also review performance and financial reports submitted by communities in States not participating in FMA.

FEMA will account for all funds awarded to each State and community to ensure compliance with legislative funding limits.



Chapter 3: FMA Planning Grants

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Chapter 3: FMA Planning Grants

Purpose

The purpose of FMA planning grants is to assist States and communities in developing and updating Flood Mitigation Plans.

THE NFIRA

Sec. 1366. (C) ELIGIBILITY FOR MITIGATION ASSISTANCE.—To be eligible to receive financial assistance under this section for mitigation activities, a State or community shall develop, and have approved by the Director, a flood risk mitigation plan (in this section referred to as a ‘mitigation plan’), that describes the mitigation activities to be carried out with assistance provided under this section, is consistent with the criteria established by the Director under section 1361, and provides protection against flood losses to structures for which contracts for flood insurance are available under this title. The mitigation plan shall be consistent with a comprehensive strategy for mitigation activities for the area affected by the mitigation plan, that has been adopted by the State or community following a public hearing.

42 U.S.C. 4104c

FMA Flood Mitigation Plan Requirement

Eligible States and communities may apply for an FMA planning grant to assist them in meeting this requirement. The NFIRA stipulates that to be eligible to receive an FMA project grant, a State or community must have a FEMA-approved mitigation plan. FEMA can assist States and communities in their mitigation plan development, and by approving plans in a timely fashion.

FEMA recommends a basic flood mitigation planning process consisting of the following activities:

1. Public involvement
2. Coordination with other agencies or organizations
3. Flood hazard area inventory
4. Problem identification
5. Review of possible mitigation actions
6. State or local adoption following a public hearing

A Flood Mitigation Plan should explain how the public was involved in the process (item 1 above), summarize the outcomes of activities 2 through 6, and list the actions to be taken to implement the plan.

The planning process outlined for the NFIP Community Rating System (CRS) program is a good model. The NFIP's CRS is a FEMA program in which communities receive credits toward discounted flood insurance premiums for a number of floodplain management activities. It provides credit for preparing, adopting, implementing, evaluating, and updating a comprehensive floodplain management plan according to a standard planning process. An outline of the standard CRS planning process, as explained in Section 511 of *CRS Application*, FIA 154, is provided in Appendix C of this guidance. The handbook *NFIP/CRS Sample Plans*, released in FY96, is an excellent guidebook for developing local flood mitigation plans.

It is not the goal of FMA to impose an additional planning requirement on a community or State when a plan is already in place that meets the program requirements. Existing plans, such as those credited through CRS or those prepared to meet the requirements of Section 409 of the Stafford Act, 42 U.S.C. 5176, may meet the requirements of FMA with few or no modifications. Such plans may be submitted to FEMA for approval under FMA. Plans credited to a State for FMA allow State agencies to apply for project grants for State-owned facilities.

THE NFIRA

Sec. 1366. (e) (1) USE OF AMOUNTS.—Amounts provided under this section . . . may be used only for mitigation activities specified in a mitigation plan approved by the Director under subsection (d).

42 U.S.C. 4104c

Only projects for mitigation activities specified in an approved Flood Mitigation Plan are eligible for project grants. These activities include elevation, acquisition, and relocation of flood-threatened, insurable structures. For more information on eligible projects, refer to Chapter 4. Flood Mitigation Plans should identify the types of projects that would be appropriate under certain conditions or in specific geographic areas. For example, a community may determine in its plan that acquisition of structures would be the preferred alternative for floodway areas, while elevation may be the more appropriate solution in other areas of the floodplain.

FEMA recommends that a mitigation plan contain a list of potential projects and a brief rationale or explanation of how each project or group of projects contributes to the overall mitigation strategy outlined in the plan. FEMA discourages the inclusion of detailed project descriptions in mitigation plans because they: (1) place an unnecessary burden on States and communities; and (2) detract from the broader planning perspective intended by Section 1366, Subsection (c) of the NFIRA.

FEMA will develop a more detailed guidance document for States and communities interested in developing Flood Mitigation Plans.

Countywide or Multi-Jurisdictional Plans

It may be appropriate for a county or other multi-jurisdictional organization to apply for a planning grant to develop a Flood Mitigation Plan. The plan should be coordinate with, and ideally developed in cooperation with, all of the local jurisdictions within the geographical area of the plan. Many floodplain issues are better solved by evaluating the watershed in a more comprehensive fashion. However, it is appropriate that the Flood Mitigation Plan be specific enough for local communities to be able to adopt and enforce. Local governments may be able to add a brief appendix or attachment to a countywide plan to make it acceptable as a local Flood Mitigation Plan. Only the planning grant recipient—the county or the multi-jurisdictional entity—would be subject to the limitations of future planning grants.

THE NFIRA

Sec. 1366. (d) NOTIFICATION OF APPROVAL AND GRANT AWARD.—

(1) IN GENERAL.—The Director shall notify a State or community submitting a mitigation plan of the approval or disapproval of the plan not later than 120 days after submission of the plan.

(2) NOTIFICATION OF DISAPPROVAL.—If the Director does not approve a mitigation plan submitted under this subsection, the Director shall notify, in writing, the State or community submitting the plan of the reasons for such disapproval.

42 U.S.C. 4104c

Flood Mitigation Plan Approval

Communities should forward all Flood Mitigation Plans to the State. The State may choose to review plans for content and consistency prior to forwarding them to the FEMA Regional Director for final review and approval. FEMA will notify the State POC of the approval or disapproval of each plan within 120 days after submission. If a plan is not approved, FEMA will provide specific comments and offer suggestions for improvement. Local mitigation plans credited through the CRS program will be approved as Flood Mitigation Plans for FMA, but must be resubmitted for formal approval. Local Hazard Mitigation Plans developed under Section 409 of the Stafford Act or other local mitigation plans may also be approved as Flood Mitigation Plans, if they meet the minimum criteria.



Flood Mitigation Plan Updates

FEMA encourages States and communities to update their Flood Mitigation Plans as needed to reflect:

- ◆ Changes in the State's goals as outlined in the PPA/CA.
- ◆ Changes in the characteristics of the floodway or floodplain brought about by a flood or other disaster.
- ◆ Changes in population, land use, or development.
- ◆ Changes in community goals or priorities.
- ◆ Unanticipated changes in the floodway or floodplain due to development in the area.
- ◆ Advances in flood-mitigation knowledge, strategies, or technologies.

States and communities can apply for planning grants for updating their Flood Mitigation Plans.

Applicant Eligibility

Eligible applicants for FMA planning grants include:

- ◆ States.
- ◆ Communities participating in the NFIP, excluding those on probation. Suspended communities and those which have withdrawn are not eligible.

The rationale for focusing on NFIP communities is fourfold:

1. The Flood Protection Act of 1972 prohibits Federal agencies from expending funds for acquisition or construction of buildings in the flood hazard areas of communities that do not participate.
2. A major goal of FMA is to reduce claims on the National Flood Insurance Fund. FMA will reduce national flood insurance claims only if FMA funds mitigation measures that reduce or eliminate the long-term risk of flood damage to buildings, manufactured homes, and other NFIP-insurable structures.
3. Providing FMA grants to participating communities encourages participation and consistency among programs.

THE NFIRA

Sec. 1366. (K) DEFINITION OF COMMUNITY.—For purposes of this section, the term 'community' means—

(1) a political subdivision that (A) has zoning and building code jurisdiction over a particular area having special flood hazards, and (B) is participating in the national flood insurance program; or

(2) a political subdivision of a State that is designated to develop and administer a mitigation plan by political subdivisions, all of which meet the requirements of paragraph (1).

42 U.S.C. 4104c

4. FMA funding comes from the National Flood Insurance Fund, which is made up of insurance premiums paid by NFIP policyholders. A grant program that is funded by national flood insurance policyholders should benefit communities that participate in the NFIP.

In order to be eligible for an FMA planning grant, an applicant must be able to meet the FMA cost-share requirement (described in Chapter 6 of this guidance).

Eligible Activities

Examples of eligible activities for planning grants include conducting local planning discussions; contracting for consulting technical services such as engineering and planning; surveying structures at risk; and assessing repetitive losses. FMA planning grant funds should not be used to pay for salaries and expenses for the FMA State POC. However, FMA technical assistance funds can be used for this purpose.

Application Process

States should apply for participation in FMA through their PPA/CA or FMA CA negotiation with the FEMA Regional Office. The application process for States is described in more detail in Chapter 7 and in Appendix F.

The State POC should establish procedures by which State agencies and communities may submit planning grant applications to the State.

FEMA offers the following suggestions for inclusion in a State FMA planning grant application form:

- ◆ Applicant identification information:
 - ◇ Name
 - ◇ Address
 - ◇ Telephone number
 - ◇ Federal Information Processing Standards (FIPS) code
 - ◇ Contact person
- ◆ Proposed budget

- ◆ Project narrative that includes the following information:
 - ◇ Brief description of the geographic area to be covered by the plan.
 - ◇ Brief description of the local flood hazard, including the number of repetitive loss structures (see Appendix G for definition) at risk in the area, and objective of applicant's request.
 - ◇ Proposed approach describing the planning process, involvement of interested organizations and community members, adoption procedures, implementation strategy, and work schedule.
 - ◇ Expected benefits or outcomes of the planning process.

Coastal Barrier Resources Act

The Coastal Barrier Resources Act (COBRA) significantly limits Federal assistance available in areas designated within the Coastal Barrier Resources System. If any State or community wishes to apply for a planning or project grant for a COBRA unit within this system, the FEMA Regional Environmental Officer must first consult with the U.S. Fish and Wildlife Service (USFWS) to determine the eligibility of the activity. The general purpose of the COBRA is to minimize the loss of human life, the wasteful expenditure of Federal revenues, and the damage to fish, wildlife, and other natural resources associated with the coastal barrier system.

Awarding Grants to Applicants

FEMA recommends that the State POC review all grant applications and rank them in order of priority for planning assistance. The establishment of ranking criteria is important because funding for FMA planning assistance is limited.

Here are some examples of the criteria a State might use to prioritize communities for planning assistance. A State might choose to give priority to communities that have:

- ◆ The greatest flood risk.
- ◆ Demonstrated an interest in and commitment to mitigation, but do not have the financial means to develop a plan.
- ◆ The greatest economic need.
- ◆ The highest rate of NFIP participation.



Limitations on FMA Planning Grant Amounts

Chapter 6 of this guidance explains the statutory limitations that the NFIRA places on the total FMA assistance available for planning, technical assistance, and project grants. Applications approved by the State must consider these limitations.



Chapter 4: FMA Project Grants

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Chapter 4: FMA Project Grants

Purpose

The purpose of FMA project grants is to assist States and communities in implementing flood mitigation projects to reduce the risk of flood damage to NFIP-insurable structures.

Applicant Eligibility

States have the authority and responsibility for ensuring that only eligible applicants receive FMA project grants. Eligible applicants include:

- ◆ States.
- ◆ Communities participating in the NFIP, excluding those on probation. Suspended communities and those which have withdrawn are not eligible.

In order to be eligible for an FMA project grant, an applicant must:

- ◆ Have a FEMA-approved Flood Mitigation Plan. (Chapter 3 of this guidance contains more information on the Flood Mitigation Plan requirement.) Only mitigation activities specified in an approved mitigation plan are eligible for an FMA project grant. Note that the approval of a mitigation plan does not guarantee approval of every project mentioned in the plan.
- ◆ Be able to meet the FMA cost-share requirement. (The cost-share requirement is described in Chapter 6 of this guidance.)

Project Eligibility

States have the authority and responsibility for determining the eligibility of any project proposed in an FMA project grant application. FMA project eligibility has two parts:

1. The project must be an eligible type of activity.
2. The project must meet minimum project eligibility criteria.

THE NFIRA

Sec. 1366. (C) ELIGIBILITY FOR MITIGATION ASSISTANCE.—To be eligible to receive financial assistance under this section for mitigation activities, a State or community shall develop, and have approved by the Director, a flood risk mitigation plan (in this section referred to as a ‘mitigation plan’), that describes the mitigation activities to be carried out with assistance provided under this section, is consistent with the criteria established by the Director under section 1361, and provides protection against flood losses to structures for which contracts for flood insurance are available under this title. The mitigation plan shall be consistent with a comprehensive strategy for mitigation activities for the area affected by the mitigation plan, that has been adopted by the State or community following a public hearing.

42 U.S.C. 4101c

Eligible Activities

Eligible activities are activities that are consistent with the goal of FMA: to reduce the risk of flood damage to structures insurable under the NFIP. Examples of eligible types of projects include:

- ◆ Elevation of NFIP-insured residential structures, and elevation or dry floodproofing of NFIP-insured non-residential structures, in accordance with 44 CFR Part 60.3.
- ◆ Acquisition of NFIP-insured structures and underlying real property. Refer to Appendix E for more detailed guidance on acquisition projects.
- ◆ Relocation of NFIP-insured structures from acquired or restricted real property to sites not prone to flood hazards.
- ◆ Demolition of NFIP-insured structures on acquired or restricted real property.
- ◆ Other activities that bring an NFIP-insured structure into compliance with the statutorily authorized floodplain management requirements of 44 CFR Part 60.3.
- ◆ Minor physical flood mitigation projects that do not duplicate the flood-prevention activities of other Federal agencies and that lessen the frequency or severity of flooding and decrease predicted flood damages in localized flood problem areas. These include modification of existing culverts and bridges, installation or modification of flood gates, stabilization of streambanks, and creation of small debris or flood/stormwater retention basins in small watersheds. Construction or improvement of major structural flood-control structures such as dikes, levees, dams, seawalls, groins, and jetties, and projects consisting of channel widening or stream alignment are not eligible, as indicated in Section 1366.
- ◆ Beach nourishment activities. For the purposes of this program, the only activities eligible are measures to facilitate natural dune replenishment through the planting of native dune vegetation and/or the installation of sand-fencing. The placement of sand on beaches is not eligible.

Minimum Project Eligibility Criteria

To be eligible for funding under this part, a project must:

1. **Be cost-effective.**

The project shall not cost more than the anticipated value of the reduction in both direct damages and subsequent negative impacts to the area if future floods were to occur. Both costs and benefits are computed on a net-present-value basis.

FEMA has developed interim guidance and software for determining the cost-effectiveness of hazard mitigation projects, including flood projects. Contact your FEMA Regional Office for information on these products.

The FEMA guidance and software are based on the Office of Management and Budget Guidelines and Discount Rates for Benefit/Cost Analysis of Federal Program (OMB Circular A-94).

2. **Conform with applicable Federal and State regulations and executive orders, including:**

- ◆ NFIP Floodplain Management Regulations at 44 CFR 60.3
- ◆ 44 CFR Part 9—Floodplain Management and Protection of Wetlands
- ◆ Executive Order 12699, Seismic Safety
- ◆ 44 CFR Part 60—Criteria for Land Management and Use
- ◆ Applicable environmental laws and regulations, including:
 - ◇ 44 CFR Part 10—Environmental Considerations
 - ◇ Any other applicable Federal or State laws and regulations

Refer to Appendix D (Environmental Documentation) for more information on complying with these requirements.

3. **Be technically feasible.**

The project must use design and construction methods and materials that are approved, codified, recognized, fall under standard or accepted level of practice, or otherwise are determined to be generally acceptable by the design and construction industry.

4. Conform with the Flood Mitigation Plan.

The type of project being proposed must be identified in the plan. The Flood Mitigation Plan should identify the types of projects that would be appropriate under certain conditions or in specific geographic areas. For example, a community may determine in its plan that acquisition of structures would be the preferred alternative for floodway areas, while elevation may be the more appropriate solution in other less threatened areas of the floodplain.

5. Be located physically in a participating NFIP community that is not on probation, or benefit such a community directly by reducing future flood damages.

For more information on these requirements, contact the FEMA Regional Office. Other sources for more information include the NEPA Desk Reference and FEMA's benefit/cost analysis software.

Policy Regarding Post-FIRM Structures

FMA project grant funds should not be used to elevate, floodproof, acquire, or relocate a post-Flood Insurance Rate Map (FIRM) building if the building's construction was not in compliance with the State or community laws or ordinances and there was no increase in the base flood elevation (BFE) since the time the post-FIRM building was constructed.

FMA project grant funds can be used to elevate, floodproof, acquire, or relocate a post-FIRM building that was not built in compliance with the BFE at the time of construction only if there has been an increase in the BFE. In this case, any FMA project grant should be limited to the cost of elevating or floodproofing the building from the BFE at the time of construction to the current effective BFE. For acquisition and relocation, FMA project grants should only be awarded if there was an increase in the BFE since the building was constructed.

FMA project grant funds may be used to elevate, floodproof, acquire, or relocate post-FIRM buildings that were built before BFEs were established, provided that a variance was granted by the community.

Policy Regarding Substantially Damaged Structures

FMA project grant funds may be used to acquire or relocate a substantially damaged pre-FIRM structure. In addition, FMA project grant funds may be used to cover the incremental costs to elevate or floodproof a replacement building, at the same or another location in the Special Flood Hazard Area (SFHA). The elevation or floodproofing must comply with State or community floodplain management laws or ordinances.

Application Process

States should apply for participation in FMA through their PPA/CA or FMA CA negotiation with the FEMA Regional Office. The application process for States is described in more detail in Chapter 7 and in Appendix F.

The State POC should establish procedures by which State agencies and communities may submit project grant applications to the State. Prior to awarding grants, FEMA reviews projects selected by the State to ensure that they meet eligibility criteria. Completeness and thoroughness of project applications are key factors in expediting the review process. Refer to Appendix D (Environmental Documentation) for more information on developing project applications.

FEMA offers the following suggestions for inclusion in a community FMA project grant application form:

- ◆ Applicant identification information:
 - ◇ Name
 - ◇ Address
 - ◇ Telephone number
 - ◇ FIPS code
 - ◇ Contact person
- ◆ Proposed budget

- ◆ Project narrative that includes the following information:
 - ◇ Description of the flood hazard/problem and objective of applicant's request.
 - ◇ Several approaches considered to meet the objective and the estimated budget for each.
 - ◇ Brief summary of applicant's decision-making process for choosing the preferred approach, including the cost of the approach relative to the anticipated effectiveness, the likely environmental effects of the approach and other alternatives considered, and consistency with local objectives and existing mitigation plans for the area.
 - ◇ Itemized cost of the preferred approach. At a minimum, this shall include construction-related costs, such as land and structure acquisition-related costs; costs of consultants such as attorneys, planners, engineers, and surveyors; and annual maintenance costs in the case of beach nourishment. Maintenance costs shall include the projected cost of future nourishment to maintain the designed level of protection. All costs shall be adjusted to present value.
 - ◇ Itemized list of expected benefits or outcomes of preferred approach and estimated dollar value, adjusted to present value.
 - ◇ A description of the surrounding environment, including type of land use (rural, residential, urban, etc.), identified hazard areas (seismic, erosion, flood, high wind, etc.), and the presence of known endangered species, wetlands, historical structures or sites, archeological sites, and hazardous materials.
 - ◇ Proposed work schedule for preferred approach.

Coastal Barrier Resources Act

The Coastal Barrier Resources Act (COBRA) significantly limits Federal assistance available in areas designated within the Coastal Barrier Resources System. If any State or community wishes to apply for a planning or project grant for a COBRA unit within this system, the FEMA Regional Environmental Officer must first consult with the U.S. Fish and Wildlife Service (USFWS) to determine the eligibility of the activity. The general purpose of the COBRA is to minimize the loss of human life, the wasteful expenditure of Federal revenues, and the damage to fish, wildlife, and other natural resources associated with the coastal barrier system.

Awarding Grants to Applicants

FEMA recommends that the State POC review all project grant applications and rank them in order of priority for project grants. The establishment of ranking criteria is important because funding for FMA project grants is limited.

Here are some examples of the criteria a State might use to prioritize projects for funding. A State might choose to give priority to:

- ◆ The extent to which the project reduces future claims to the NFIP from repetitive loss structures or substantially damaged structures.
- ◆ Projects that benefit areas with the greatest flood risk.
- ◆ Projects that have the highest benefit/cost ratio.
- ◆ Projects in communities that are least able to fund projects without assistance.
- ◆ Projects that are likely to benefit the greatest number of NFIP-insured structures.
- ◆ The extent to which the project results in a long-term solution to a flooding problem and requires minimum maintenance.
- ◆ Whether structures affected by the project are in an identified floodway and floodplain.
- ◆ The extent to which the applicant is providing more than the minimum cost-share of 25 percent.

- ◆ Whether the project applicant, or community where the project is located, participates in the NFIP Community Rating System (CRS).
- ◆ The extent to which the project has a multi-objective purpose.

NFIP-Insured Versus NFIP-Insurable Structures

The emphasis in the NFIRA is on NFIP-insured structures, but language in the Act also refers to NFIP-insurable structures. FMA will be available to States and communities for mitigation activities that may benefit insurable properties not insured under the NFIP. For projects that directly affect individual structures, such as elevation, acquisition, or relocation, each structure must have a flood insurance policy in force. For minor structural flood control projects or beach nourishment activities, the effectiveness of the project can be based on the benefits provided to insurable structures.

FEMA suggests that States consider whether or not a structure is NFIP-insured when ranking projects for FMA funding. Projects that indirectly affect larger numbers of structures, such as drainage improvement projects, can be justified on the basis of protection to NFIP-insurable structures; however, the ranking system should give a higher priority to those projects that protect a higher percentage of NFIP-insured structures.

Limitations on FMA Project Grant Amounts

Chapter 6 of this guidance explains the limitations that the NFIRA places on the total FMA assistance available for planning, technical assistance, and project grants. Applications forwarded by the State should consider these limitations.

Eligibility of Phased Projects

Since State funding for FMA is limited, States and communities may wish to approve funding for projects over several fiscal years. States may submit the entire project for approval, with funding phased over two or more years. Each year's activity must be eligible in terms of benefit/cost and other factors. State and communities should realize, however, that there is no guarantee that funds will be available in the future fiscal years.



Chapter 5: FMA Technical Assistance Grants

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Chapter 5: FMA Technical Assistance Grants

Purpose

The purpose of FMA technical assistance grants is to provide States with funding that will allow them to give technical assistance to communities for developing Flood Mitigation Plans, preparing applications, or implementing approved project grants.

Applicant Eligibility

The only applicants eligible for technical assistance grants are the State agencies or departments responsible for or directly involved in administering the FMA program. In order to be eligible for an FMA technical assistance grant, an applicant must be able to meet the FMA cost-share requirement (described in Chapter 6 of this guidance).

Eligible Activities

Examples of eligible activities include promoting FMA to communities, visiting sites with communities/applicants, developing applications and plans, reviewing draft applications and plans, participating in planning meetings, providing planning workshops/materials, conducting environmental reviews, performing benefit/cost analyses, and providing grants management workshops/materials. TA funds may also be used to fund in part the salaries and expenses of an FMA State POC.

Please note that States are not required to prepare the environmental documentation or to perform the benefit-cost analysis, but many choose to do so, to assist in the evaluation and prioritization of projects. States may use technical assistance funds to carry out these activities.

Application Process

States should apply for participation in FMA through their annual PPA/CA or FMA CA negotiation with the FEMA Regional Office.

States should establish procedures by which they identify community needs for technical assistance, and by which communities can request technical assistance from the State.



FMA Technical Assistance Grant Amounts

Up to 10 percent of annual project grant allocations may be used for technical assistance. The State may request to use technical assistance funds for projects if they are not used for technical assistance. These requests should be submitted to the FEMA Regional Office. The technical assistance grants will be provided to the State at the beginning of each fiscal year.

Other FEMA preparedness and mitigation pre-disaster program funds, such as the State and Local Assistance Program and the MAP, may also be used to assist in implementing FMA.



Chapter 6: Applicant Cost-Share Requirements and Limitations on Funding

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Chapter 6: Applicant Cost-Share Requirements and Limitations on Funding

The NFIRA limits funding available under FMA in two ways:

- ◆ Matching contribution requirement.
- ◆ Limitation on the total amount of funding that can be awarded to any single community, to any State, and to the entire program nationally.

THE NFIRA

SEC. 1366. (g) MATCHING REQUIREMENT.—

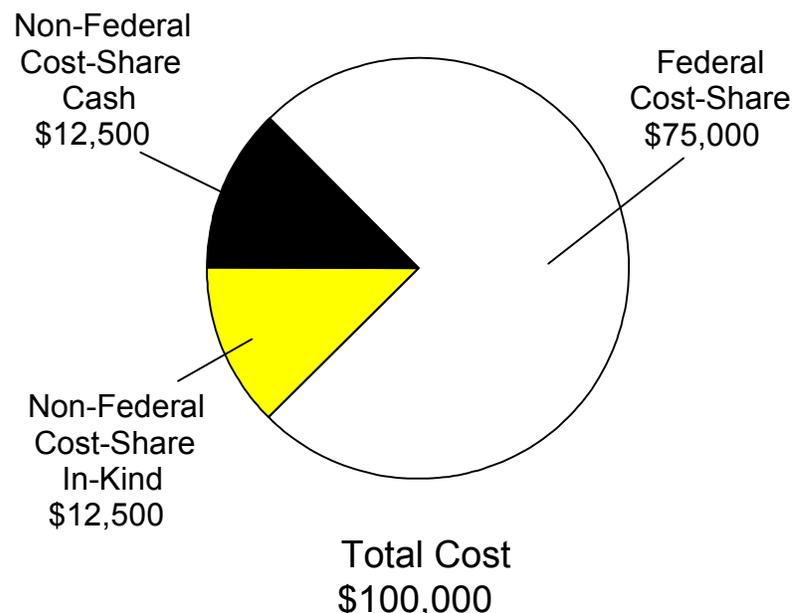
(1) IN GENERAL.—The Director may not provide mitigation assistance under this section to a State or community in an amount exceeding 3 times the amount that the State or community certifies, as the Director shall require, that the State or community will contribute from non-Federal funds In no case shall any in-kind contribution by any State or community exceed one-half of the amount of non-Federal funds contributed by the State or community.

42 U.S.C. 4104c

Applicant Cost-Share for Planning, Project, and Technical Assistance Grants

According to the NFIRA, FEMA may contribute up to 75 percent of the cost of eligible activities. The remaining 25 percent must be met by matching contributions from State government or other non-Federal funding sources. Up to one-half of the non-Federal share (i.e., 12½ percent of the overall cost) may be met by in-kind contributions from third parties. The remaining half of the non-Federal share must be met by State and local government expenditures and cash funds identified at the time of application. Figure 1 provides a simple illustration of this cost-sharing arrangement.

Figure 1
Example Cost-Share Distribution for Planning, Project, and Technical Assistance Grants



Non-Federal Cash Funds

Non-Federal cash funds may include:

- ◆ State or local government expenditures.
- ◆ Salary paid to staff to carry out the approved mitigation activities of the recipient (including project managers, attorneys, appraisers, planners, engineers, public works crews, etc.).
- ◆ State or local cash funds provided to contractors and consultants to carry out approved mitigation activities.
- ◆ State or local cash funds provided to individuals to carry out approved mitigation activities.
- ◆ Cash funds provided by any non-Federal source.

Third-Party In-Kind Contributions

As stated earlier, in-kind contributions from third parties may constitute up to one-half of the non-Federal share, or 122 percent of the overall cost of eligible activities. Third-party in-kind contributions must be:

- ◆ Necessary for the proper and efficient accomplishment of program activities.
- ◆ Allowable if the grantee itself was required to pay for them. (A third-party in-kind contribution of entertainment, for example, would not count because it would not be allowable if the grantee had incurred the cost.)

Simply stated, the rule for valuation of third-party in-kind contributions is, “What would it have cost if the grantee had paid for the item or service itself?” A number of specific rules that elaborate on this theme are discussed in the following paragraphs.

Donated Services

The value of donated services is determined according to the following rules:

- ◆ ***Volunteers.*** Services provided to a grantee by volunteers are valued at rates consistent with those paid by the grantee to its own employees for similar work. If the grantee does not have employees performing similar work, then the rates ordinarily paid by other employers for similar work in the same labor market will apply. In either case, a reasonable amount of fringe benefits may be included in the valuation.
- ◆ ***Employees of Other Organizations.*** When an employer other than the grantee furnishes, free of charge, the services of an employee, these services are valued at the employee's regular rate of pay (exclusive of the employer's fringe benefits and overhead costs), provided these services are in the same line of work for which the employee normally is paid. If the services are in a different line of work, the rules for volunteer services above apply.

In either case, donated services are valued at the rate for "similar work."

Donated Supplies and Loaned Equipment or Space

If a third party donates supplies, the contribution is valued at the market value of the supplies at the time of donation. If a third party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.

Donated Equipment, Buildings, and Land

If a third party donates equipment, buildings, or land and the title passes to the grantee, the amount that is allowable for purposes of cost-sharing or matching depends on whether the grant is for capital or operating expenditures.

- ◆ ***Grants for Capital Expenditures.*** If the purpose of the grant is to assist the grantee in the acquisition of equipment, buildings, or land, the total market value of the property at the time of donation may be claimed. This would be the case if an owner of a floodprone property donated all or a portion of their land toward a neighborhood project.

- ◆ ***Grants for Current Operations.*** If the purpose of the grant is to support activities that require the use of equipment, buildings, or land (e.g., a bulldozer used for demolition work), then no amount of cost-sharing or matching may be claimed for donated land, nor may donated equipment or buildings be treated as third-party in-kind contributions. Instead, depreciation or use allowances based on the market value of the donations will constitute allowable costs incurred by the grantee. Such depreciation or use allowances are determined and allocated according to the cost principles in the same manner as depreciation or use allowances for property purchased by the grantee, and therefore usually will be treated as indirect costs.

Appraisal of Real Property

In some cases a determination must be made of the market value of land or a building, or the fair rental rate of land or of space in a building. FEMA may require, as a precondition to allowability for cost-sharing or matching purposes, that the market value or fair rental rate be determined by a certified real property appraiser (or by a representative of the U.S. General Services Administration, if available), and that the value or rate be certified by the responsible official of the grantee.

Records for Third-Party Contributions

The most common problem with third-party in-kind contributions is lack of documentation. Grantees should exercise extreme care to document all third-party in-kind contributions. The grantee records must show how it arrived at the valuation placed on third-party in-kind contributions. For example, the quantity and allocability of volunteer services must be supported, to the extent feasible, by the same methods that the grantee uses for its own employees performing similar services. If, for instance, a grantee's employees use a time clock, so too must volunteers performing similar work.

THE NFIRA

SEC. 1366. (f) LIMITATIONS ON AMOUNT OF ASSISTANCE.—

(1) AMOUNT.—The sum of the amounts of mitigation assistance provided under this section during any 5-year period may not exceed—

(A) \$10,000,000 to any State; or

(B) \$3,300,000 to any community.

(2) GEOGRAPHIC.—The sum of the amounts of mitigation assistance provided under this section during any 5-year period to any one State and all communities located in such State may not exceed \$20,000,000.

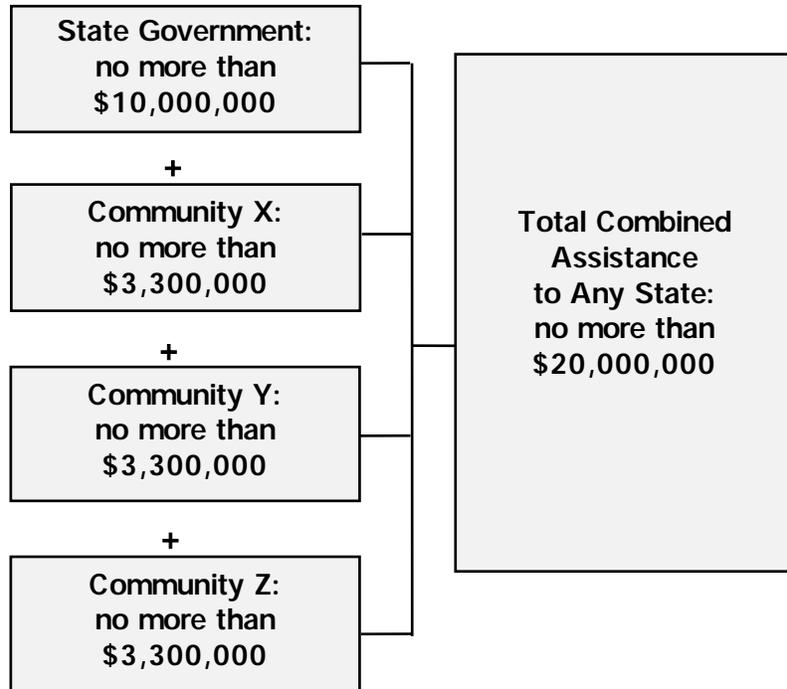
(3) WAIVER.—The Director may waive the dollar amount limitations under paragraphs (1) and (2) for any State or community for any 5-year period during which a major disaster or emergency declared by the President . . . as a result of flood conditions is in effect with respect to areas in the State or community.

42 U.S.C. 4104c

Limitations on the Amount of Assistance

The NFIRA limits the amount of assistance that any one State or community can receive from FMA in a 5-year period, as illustrated in Figure 2.

**Figure 2
Grants for Projects and Technical Assistance
5-Year Limits**



Note that there is no limit on the number of communities that may receive assistance. However, the combined total of the grants for projects and technical assistance awarded to a State and all the communities in that State is limited to \$20,000,000 in any 5-year period.

In the event that a disaster is declared in a State or community as a result of flooding, FEMA has the authority to waive the assistance limits noted in Figure 2.

THE NFIRA

SEC. 1366. (b) PLANNING ASSISTANCE GRANTS.—

(2) FUNDING.—Of any amounts made available from the National Flood Mitigation Fund for use under this section in any fiscal year, the Director may use not more than \$1,500,000 to provide planning assistance grants under this subsection.

(3) LIMITATIONS.—

(A) TIMING.—A grant under this subsection may be awarded to a State or community not more than once every 5 years and each grant may cover a period of 1 to 3 years.

(B) SINGLE GRANTEE AMOUNT.—A grant for planning assistance may not exceed—

- (i) \$150,000, to any State; or
- (ii) \$50,000 to any community.

(C) CUMULATIVE STATE GRANT AMOUNT.—The sum of the amounts of grants made under this subsection in any fiscal year to any one State and all communities located in such State may not exceed \$300,000.

42 U.S.C. 4104c

The NFIRA also places specific limits on the amount of funding available to States and communities for FMA planning grants. Figure 3 summarizes these limitations.

Figure 3. Limitations on Funding for Planning Grants

ANNUAL FUNDING LIMIT PER STATE	
State plus any communities within the State	No more than \$300,000 per year
FUNDING LIMIT ON EACH GRANT	
State	No more than \$150,000 per grant
Community	No more than \$50,000 per grant
FREQUENCY LIMIT	
State	No more than 1 grant per 5-year period
Community	No more than 1 grant per 5-year period

Additional Funding Sources

With the limited funds available in FMA and in other mitigation programs, the ability to find other funding sources will be important for applicants. Multiple grant sources can be combined for a single project initiative, or for a group of common initiatives.

For example, PPA/CA Mitigation Assistance Program (MAP) funds (which include EP, HP, and SHMP) can be combined with FMA funds for developing Flood Mitigation Plans, providing technical assistance, applying for grants, and implementing projects. In addition, funds from the Natural Resources Conservation Service's Watershed Program, which supports community watershed plans and some project implementation actions, can be used in conjunction with FMA funds.

Other examples of programs that might be used to augment FMA funds for flood mitigation projects include:

- ◆ The Department of Housing and Urban Development's Community Development Block Grant (CDBG) program
- ◆ HMGP
- ◆ NFIP ICC (Increased Cost of Compliance)
- ◆ Small Business Administration (SBA) loans

In some cases multi-phased projects may be funded with more than one funding source—for example, an FMA project might be expanded at a later date and under a separate agreement with HMGP funds following a disaster declaration.

CDBG, ICC, and SBA funds can be applied to the non-Federal cost share of an FMA project. A community can apply for an FMA grant to assist individuals when ICC payments do not cover the full cost of projects such as building elevations. While residents are not able to apply for FMA directly, a community may sponsor an application on behalf of a number of residents. The FMA funds can be used to pay that portion of the project cost above the \$15,000 ICC limit. Work paid for by residents using ICC claim payments will be accepted as a non-Federal cash match for FMA. The community must provide FMA grant funds to any resident whose ICC payment will count toward the community's match.



Chapter 7: Grants Management

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Chapter 7: Grants Management

Project Management

States should implement a recordkeeping and financial management system to meet FEMA's financial reporting requirements and to document that FMA funds have not been used in violation of existing regulations. Communities in FMA participating and non-participating States, and American Indian and Alaska Native tribal governments receiving planning or project grant funds directly from FEMA, must also implement a similar recordkeeping and financial management system.

This system should consist of files for each project that include the project application, correspondence, vouchers, reports, receipts, and other appropriate documentation. Once project closeout has occurred, these records should be kept for a minimum of 3 years for audit purposes.

Financial Reporting

Under the PPA/CA and FMA CA, the State POC must submit financial reports to FEMA and must ensure that all applicants are aware of their responsibilities under 44 CFR Parts 13 and 14.

Communities in FMA non-participating States, and tribes receiving planning or project grant funds directly from FEMA, must submit financial reports directly to the FEMA Region. Communities in FMA participating States, and tribes receiving planning or project grant funds directly from a State, should submit financial reports directly to the State.

Financial reports are due 30 days after the end of each quarter. Final performance and financial reports are due 90 days after the expiration or termination of grant support. Financial reports are usually submitted by the State Assistance Officer using the FEMA Financial Management Information System. Financial reporting forms are included in Appendix F. They apply to States using either the PPA/CA process or an FMA CA.

In addition to the financial reporting requirements described above, FEMA Regional FMA Coordinators are responsible for tracking in detail FMA project, planning, and technical assistance funds as they are awarded to States and communities. The need for collecting this information is based upon statutory FMA funding limits described in Chapter 6. This means that the Regional FMA Coordinator must keep a list describing the nature of each project, planning or technical assistance activity, and the amount of each award. This detailed financial information should be submitted by the Regional FMA Coordinator to the FMA Program Manager, Program Delivery Branch, Mitigation Directorate.

Version II of the National Emergency Management Information System (NEMIS), which is still being developed, will expedite this process. FEMA Headquarters will provide an interim database to assist Regions in tracking FMA funds. Regions will be responsible for updating this database and, for FY97 especially, will have to keep careful and accurate records of funds awarded.

Performance Reports

Under the PPA/CA and FMA CA, the State POC must submit performance reports 30 days after the end of the second quarter (April 30) and 30 days after the end of the fourth quarter (October 30). Communities in FMA non-participating States, and tribes receiving planning or project grant funds directly from FEMA, must submit performance reports directly to the Region. Communities in FMA participating States, and tribes receiving planning or project grant funds directly from a State, should submit performance reports directly to the State.

A new performance reporting system entitled Capability Assessment and Readiness will be implemented for the PPA/CA in FY97. The system will only be available to State emergency management agencies. This system can also be used for FMA CA performance reporting.

Performance reports should include brief information on the following:

- ◆ A comparison of actual accomplishments to the objectives established for the period. Where the output of the project can be quantified, a computation of the cost per unit of output may be required if that information will be useful.
- ◆ The reasons for slippage if established objectives are not met.

The format of performance reports will be negotiated between the Region and the State. The format of performance reports for communities in FMA non-participating States, and tribes receiving planning and project grant funds directly from FEMA, will be negotiated directly with the Region.

The FEMA Regional Office must be notified of:

- ◆ Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the award. This disclosure must include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.
- ◆ Favorable developments which enable meeting time schedules and objectives sooner or at a lower cost than anticipated or producing more beneficial results than originally planned.

FEMA may make site visits as warranted by program needs and may waive any performance report, if not needed.

Allowable Costs

Allowable costs shall be available to the grantee and shall be governed by OMB Circular A-87. General policies for determining allowable costs are established in 44 CFR Part 13.

Audit Requirements

States, communities, and tribes receiving grant funds from FEMA must comply with all audit requirements of OMB Circular A-128. This circular was issued pursuant to the Single Audit Act of 1984, P.L. 98-502.

Cost Overruns

There are limits on all types of FMA grants. States, communities, and tribes should endeavor to avoid cost overruns by monitoring funds carefully and preparing financial reports on a regular basis.

If it is determined that project costs are exceeding approved cost estimates, the Regional Office must be notified. It may be possible to offset increased costs on one project with decreased costs on another, as long as the full scope of work continues to be met for the projects. Overruns due to a change in the scope of a project (e.g., acquiring more structures than originally planned) are not permitted.

Recapturing Funds

Funds provided to a State, community, or tribe under FMA may be recaptured if:

- ◆ The applicant has not provided the appropriate matching funds.
- ◆ The approved project has not been completed within the specified timeframes.
- ◆ The completed project does not meet the criteria specified in the FMA regulations.

Any applicant who has had funds recaptured under FMA will be ineligible for future funding for 5 years from the date the funds were withdrawn.

Project Closeout

Closeout is a process in which FEMA determines that all applicable administrative actions and all required work of the grant have been completed by the recipient and FEMA. Actions that must precede closeout are receipt of all required reports, disposition or recovery of all Federal property, and adjustment of the award amount and the amount of cash paid to the recipient.

Existing and Future Grants Management Training and Materials

FEMA has developed four Grants Management modules. They are updated annually for the PPA/CA process, and are also useful points of reference for States with FMA CAs. The modules, which are available from FEMA Regional Offices, are listed below:

- ◆ Application Module
- ◆ Awards/Amendment Module
- ◆ Outlays, Performance Reporting, Budget Deviations, Property Management, and Closeout Module
- ◆ Audit Module

In addition, a Mitigation Project Grants Management course is being developed for FMA and HMGP, to provide State and Regional personnel with the knowledge needed to execute the provision of law, regulations, and guidelines governing project grants.