

STATEMENT

OF

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BEFORE  
THE

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE  
U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, D.C.

“AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009  
FIRE STATION CONSTRUCTION GRANT PROGRAM”

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Chairman Oberstar, Ranking Member Mica, and members of the Committee, my name is Elizabeth Harman and I serve as FEMA's Assistant Administrator for the Grant Programs Directorate (GPD). On behalf of Administrator Fugate, it is a privilege to appear before you today to update the Committee on FEMA's implementation of the Fire Station Construction Grant (SCG) Program as provided for under the American Recovery and Reinvestment Act of 2009 (ARRA) (Public Law 111-5).

The ARRA provided \$210 million to support the SCG Program's construction and renovation efforts. These efforts will improve the capabilities of the nation's fire service while aiding the economies of many American communities. Under SCG, funds are awarded directly to non-federal fire departments or to state and local governments that fund or operate fire departments. There is no match or cost share requirement, although many grantees have pledged local funding. SCG funds will cover 100 percent of allowable project costs that will provide a direct investment in public safety. Funding under the SCG Program will enable fire departments to replace or renovate unsafe or uninhabitable fire stations. These investments in infrastructure will enable fire departments to enhance fire protection coverage, better protect communities from fire-related hazards and help ensure firefighter safety. In many cases, these projects will also provide an infusion of funding that will support local construction, create jobs and enhance essential services.

To maximize the benefit of ARRA funding, FEMA limited funding for each individual project within a grant application to \$5 million. There is no limit on the number of projects that can be included in an application as long as the total amount of the grant does not exceed the \$15 million statutory cap set forth by ARRA.

The SCG Program is administered by GPD. Currently, GPD manages over 50 different disaster and non-disaster grant programs and makes over 7,000 individual grants annually. Every grant program GPD develops and administers is marked by a high level of outreach, discussion and collaboration with the communities, individuals, and stakeholders involved. The SCG Program is no different.

In the development of the SCG Program, FEMA worked with fire service professionals representing nine major fire service organizations to develop funding priorities and other implementation criteria. These fire service organizations included:

- The Congressional Fire Services Institute
- The National Volunteer Fire Council
- The International Association of Arson Investigators
- The International Association of Fire Fighters
- The National Fire Protection Association
- The National Association of State Fire Marshalls
- The International Association of Fire Chiefs
- The International Society of Fire Service Instructors
- The North American Fire Training Directors

In keeping with the goals of the ARRA to assist not only the fire service, but also the broader economic revitalization of the communities fire departments serve, FEMA also collaborated with stakeholder organizations representing the nation's towns, cities, counties and states. These groups included:

- The National Association of Counties
- The National Governors Association
- The National League of Cities
- The U.S. Conference of Mayors

On May 29, 2009, FEMA released the grant guidance and application materials for the SCG Program. The application period closed on July 10, 2009. FEMA received 6,025 applications requesting over \$9.92 billion.

Applications were reviewed incorporating the funding priorities recommended by the fire service criteria development panel. Factors considered included the benefits the project would bring to the community, a demonstration of the community's and the fire department's financial need, and the improvements the project would bring to the fire department's daily operations.

To help assess a community's economic need, unemployment rates—specifically the change in a community's unemployment rate from 2007 to 2008—were considered. To illustrate this, the average unemployment rate at the end of 2008 for communities receiving an SCG award was 8.33 percent. This compares to an average national unemployment rate for 2008 of 5.8 percent. The average 2007 to 2008 increase in unemployment for communities receiving an SCG award was 3 percent. The average national increase in unemployment for that same period was 1.2 percent<sup>1</sup>.

On September 23, 2009, Secretary Napolitano announced the first group of 96 SCG awards. One grantee from that group, the West Seneca Fire District #6 in West Seneca, NY, has since returned the award.<sup>2</sup> The 95 remaining awards funded 102 projects and accounted for \$165,398,982 in ARRA funds. On February 3, 2010, DHS announced an additional 14 SCG awards totaling \$23,478,963. This brought the total number of SCG awards to 109, seven of which fund multiple projects, and the total amount of ARRA SCG funds awarded to \$189,197,945. FEMA expects to award additional ARRA SCG grants within the next few months, including 3 awards totaling \$11,931,161. An additional \$4,061,894—2.29 percent of the \$210 million appropriated—has been retained by FEMA to cover Management and Administration costs in accordance with ARRA, which allowed FEMA to retain up to 5 percent. The reduction in management and administrative costs is allowing additional funding to go to construction of fire stations. The remaining \$4,381,894 in ARRA SCG funds is being held in reserve to cover any budget adjustments and additional expenses related to previously awarded grants. Once all current grants are reviewed and are determined to be adequately funded, all remaining SCG funds will be made available for additional SCG awards. At this time, FEMA anticipates that there will be funds available to make several additional SCG awards by July 2010. This information is summarized in the table below.

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<sup>1</sup> Source: U.S. Department of Labor, Bureau of Labor Statistics, "Labor Force Statistics from the Current Population", 2009 Series Id. LNS14000000

<sup>2</sup> The West Seneca Fire District returned its grant of \$320,000 after the Fire District received revised cost estimates for the District's project. The revised cost estimates were higher than anticipated and the Fire District terminated the project.

SCG FUNDS AWARDED		
DATE	ACTION	FUNDS
September 23, 2009	95* Awards Made	\$165,398,982.00
February 3, 2010	14 Awards Made	\$23,478,982.00
June 2010	3 Awards to be Made	Approximately \$11,931,161
June-July 2010	Additional Awards will be made depleting remaining funds	\$4,381,894 potentially available
*Originally 96 awards were announced on September 23rd. However, one of those awards, to the West Seneca, NY Fire Department, has been returned.		

The Fire Station Construction Grant Program was the first time that GPD was charged with the development and the administration of a major, construction-focused grant program. The administration of such a program required not only the development of program grant guidance and application materials which addressed construction projects, but also the development of accompanying policies and processes regarding environmental reviews, historical preservation reviews and post-award budget reviews. We believe that GPD has successfully met, and continues to meet these challenges.

Following an award, GPD is required by federal law to conduct budget, environmental and historic preservation reviews. These requirements ensure that the awarding agencies as well as award recipients properly manage and account for federal funds and the federal laws regarding environmental protection and historic preservation are met.

The budget review process enables GPD to determine whether grantees have properly explained and documented their funding requests and ensures the awarding agencies and the grantee's compliance with applicable federal laws, OMB's cost and administrative principles, and the grantee's own requirements including regulations and program guidance. During these reviews it is common for grantees to be asked to provide additional information, clarify information provided, modify their budget requests or modify their projects. Budget reviews require a back-and-forth between the awarding agency and the recipient. The speed at which these reviews are completed is dependent on several factors, including agency resources, the volume of awards being reviewed, and grantee responsiveness to agency requests. Each SCG award is required to undergo a budget review. Currently, 90 SCG grants have cleared their budget reviews while 19 are still in the budget review process.

The requirement for environmental and historical preservation (EHP) reviews ensures that the awarding agency determines that federal funds are being spent in a manner consistent with existing federal law governing the protection of the environment and the protection of historic structures and sites. FEMA's EHP reviews are managed by FEMA's Office of Environmental Planning and Historic Preservation. This Office ensures that all FEMA grants – including the station construction grants – meet the requirements of seventeen (17) principal federal environmental and historic preservation laws and Presidential Executive Orders. These include the National Environmental Policy Act, the National Historic Preservation Act, the Endangered Species Act, the Safe Drinking Water Act, EO 11988 Floodplain Management and EO 11987 Wetlands Protection and the Clean Air Act. These and other laws require EHP review on all grant actions.

Federal environment laws also require FEMA to undertake a full Environmental Assessment (EAs). These EAs require a comprehensive examination of the environmental impact and consequences of each project, include 30-day public comment periods, and typically require three to four months to develop and complete. Similarly, projects which were determined to require review under historic preservation laws require FEMA to review materials provided by local and state historic preservation offices to ensure that federal, state and local requirements are addressed. Currently 34 SCG projects have cleared their EHP reviews, including full EAs, while 82 are still in the EHP review process.

There have also been times when SCG projects have encountered locally-driven processes or dynamics which the grantee is required to address before funded projects can be initiated. For example, grantees may be required to obtain approval from local governing bodies before obligating grant funds. It is not unusual for grant funds, although awarded by a federal agency, to be appropriated by a state legislature, county or city council, or other legal authority. There are also federal, state, and local procurement rules which grantees may need to meet and which may add to the time between the award and expenditure of grant funds. This is often the case with capital projects, such as those funded under the SCG initiative.

GPD continues to work expeditiously to implement the SCG initiative and to move projects forward in a timely manner. GPD has placed a high priority on the timely completion of all budget reviews, has worked with FEMA's Office Environmental Planning and Historic Preservation to expedite EHP reviews, and has continued to reach out to our grantees – including proactive technical assistance– to assist them in meeting these requirements. As of today, GPD can report the following regarding the SCG program:

- The total number of grants: 109
- Number of awards awaiting announcement: 3
- The total number of projects funded: 116
- Number of grants which have cleared EHP and Budget reviews and can begin construction: 26
- Number of grants which have cleared EHP but need Budget Review: 8
- Number of grants which have cleared budget reviews but need EHP reviews: 75

Beyond the numbers, it must also be remembered that these funds will make tangible improvements in the health and safety of the firefighters who live and work in those fire stations and in the communities served by those fire stations. Based on the narratives the grantees provided in their applications, the following are just a few examples of the improvements these funds will allow:

***Tampa, Florida (\$1.6 million):*** New construction. The Tampa award will provide an additional station to meet increasing service demands in an area where response times are low due to distance to the nearest station. Building this new station will bring 100% of that area well within a five minute response time.

***Neenah Menasha Fire, Wisconsin (\$1.2 million):*** New construction. This award will fund the replacement of an existing, structurally unsound, station. The new station will also be located in a location that will provide for increased response times.

**Chicago, Illinois (\$4.8 million):** New construction. These funds will assist in the replacement of an existing structure built in 1936. The deterioration of the current facility's foundation has caused structural instability of the building. Additionally the small size of the structure limits the number of apparatus assigned to this station which responds to over 6226 calls a year. The new structure will allow for up to six apparatus to be assigned to the station thus increasing response times to the surrounding community while providing a safer environment for the firefighters.

**Rolling Meadows, Illinois (\$1.2 million):** New construction. These funds will allow for the construction of an additional firehouse to improve response times and enhance the safety of firefighters and the community. Constructing this station will allow the department to better deploy current staffing and will reduce response times to a heavily populated ever-expanding area of the city.

The overall benefits to be derived by the SCG funds awarded thus far include:

- 45 new fire stations built to meet expanded responsibilities
- 42 currently unsafe fire stations replaced
- 16 currently unsafe fire stations renovated
- 10 fire stations expanded to accommodate 24 hour/7 day coverage
- 6 fire stations expanded to accommodate increased responsibilities

Mr. Chairman, Ranking Member Mica and members of the Committee, thank you again for this opportunity to testify. As we move forward with this initiative, we look forward to providing this Committee with additional information on our progress. I am happy to respond to any questions which you may have.