

U.S. Department of Homeland Security
Louisiana Transitional Recovery Office
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FEMA

September 5, 2007

Colonel Thomas Kirkpatrick
State Coordinating Officer
State of Louisiana
415 North 15th Street
Baton Rouge, LA 70802

Re: Project Management Status

Dear Colonel Kirkpatrick:

FEMA and the State have identified 20 Subgrantees that have expressed an interest in project management support or who have drawn down only a fraction of their obligated recovery dollars to date. FEMA believes that funding eligible project management activities should be on a project by project basis and reflected on the specific permanent work project worksheets (PWs); the State believes that this approach will be too burdensome on the State and Subgrantees and has promoted an approach involving a single PW for funding project management for multiple projects. It remains our position that providing project management costs on construction PWs is consistent with policy and will provide more accurate accounting and documentation without significantly increasing the effort to manage grants in a responsible and accountable manner.

However, in an effort to resolve this critical issue and bring additional, much needed support to Subgrantees, FEMA has further defined a potential single project management PW process and implementation based on the information provided by the State. This approach which is diagrammed in Attachment A describes the responsibilities of FEMA, the State, and the Subgrantee in formulating and managing a single PW for project management of multiple projects. It is important to recognize that these activities and the associated documentation are essential to accounting and maximizing the eligible costs. With the concurrence and commitment of all parties to complete these activities, FEMA will coterminate a pilot initiative to deliver project management to these 20 Subgrantees using a single PW approach.

The following sections provide a summary of the activities and responsibilities for each organization:

Subgrantee

The Subgrantee is responsible for submitting a request to the State for project management on a single PW. The Subgrantee and State are responsible for identifying groups of projects based upon criteria such as location, recovery zone, category of work, type, contracting, and schedule. In addition, the Subgrantee and State must determine the eligible project management tasks and a methodology for estimating reasonable project management costs.

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During operations, the Subgrantee is responsible for managing the project management contractor, tracking costs on a project by project basis and maintaining documentation. The Subgrantee submits periodic, single invoices to the State for project management activities and includes backup. The Subgrantee's documentation must include the billing of each project management contractor and these billings must correlate to the actual construction projects. At closeout, the Subgrantee must provide project specific source documentation and summary of expenditures.

State

The State works with the Subgrantee to develop an internal analysis of numbers of PWs, project dollars and request to FEMA for a single PW for project management of a group of projects. The State submits the request to FEMA. The State is responsible for reviewing the Subgrantees procurement practices and contract with each project management contractor prior to the start of work and ensuring the Subgrantee is aware of eligible project management tasks. Further, the State is responsible for explaining the documentation requirements to each Subgrantee.

During operations, the State will monitor tasks performed, construction progress, reporting and documentation to ensure it is consistent with the provisions of a single project management PW process. The State will review, provide details, and notify FEMA of any event that may trigger the need to version the single PW. This should include any changes in project status, significant versions to any related construction PWs that may require additional PM funding, and any Special Considerations information the State is aware of. At closeout, the State will participate in the review of all Subgrantee documentation based upon project specific accounting.

FEMA

FEMA will review and approve each request and analysis from the State for a single PW for project management. As Subgrantees are approved, FEMA will obligate a single PW for project management costs and de-obligate project management costs included in any associated construction PWs. The single PW will be written to include a listing of eligible project management tasks and the underlying construction PWs. FEMA will participate in the closeout efforts.

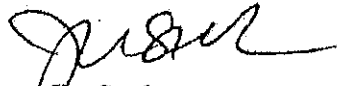
We believe that a single PW approach for project management may be viable if the State and Subgrantees diligently follow this process. Once FEMA and the State have agreed upon suitable Subgrantees and submitted fully documented requests, the process can begin.

This single PW approach will be undertaken as a pilot initiative. As such FEMA also expects the State to provide a quarterly status report for the 20 applicants. These summaries will allow FEMA and the State to perform periodic checks for each applicant and add some quality assurance to this process. FEMA reserves the right to terminate the pilot initiative and go back to the standard PA process for project management.

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I look forward to your concurrence with this process. Upon receipt of your written concurrence, our staffs will coordinate on the standard language and operations level details needed to make this work and set a schedule for rollout. Please do not hesitate to call with questions or concerns.

Sincerely,



Jim Stark
Director
Louisiana Transitional Recovery Office

Enclosure