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FEMA

January 25, 2008

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

Re: Capped Funding Criteria
FEMA-1603/1607-DR-LA

Dear Colonel Kirkpatrick:

This letter is in response to your September 14, 2007, email request for clarification of the criteria used to determine capped funding. I understand your concerns and the following information will respond to your questions regarding the funding limits for eligible recovery work authorized by the Stafford Act, regulations, policy and guidance.

First, I think it is important to recognize that we created alternate and improved project teams and encouraged these teams to work cooperatively to develop and help applicants implement project approaches that respond to the many challenges that confront the most severely impacted communities. Not only are these communities confronted with significant storm related damage that must be repaired, they must also deal with new demographics and infrastructure that was potentially deteriorated and/or obsolete prior to the storms. From my perspective, this endeavor has been fruitful; the teams have been successful in identifying and communicating applicant needs which has been the basis of developing funding option flexibility. A positive example is the increased latitude granted by the GCRO for formulating improved projects. Another example is the improved project consolidating contents for RSD. These efforts have resulted in an expanded list of project approaches to help applicants make sound decisions to repair, replace, relocate, consolidate, improve, and expand facilities.

Secondly, I cannot stress the importance of timely applicant recovery decisions and project planning processes and their relationship to exercising appropriate funding options. These factors directly impact the utilization and cost effectiveness of these options. As you know, it is extremely difficult to provide applicants appropriate guidance on funding options if they have not decided on approaches to restoration projects. We must continue to work together and encourage applicants to complete their recovery plans as quickly as possible. To this extent,

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please be aware of the current deadline for applicants to submit requests for alternate projects. The deadline for the submission of alternate projects is December 31, 2008.

It is important to remember that the funding for alternate, improved, relocation, and consolidation projects, whether capped or reimbursed at actual eligible costs, are based upon the requirements of the funding option and not on the timing of the specific project events such as scope alignment. For example, FEMA may approve a request for an alternate project based upon the applicant's plans before a final capped estimate of costs is derived through scope alignment.

With respect to construction, FEMA does not authorize when an applicant may begin construction. But, if the Applicant repairs or demolishes the facility before scope alignments are completed, FEMA's ability to document the project will be compromised.

In all cases, the final value of the eligible capped costs will be determined once the scope alignment and estimate issues are resolved. The PW will then be versioned to reflect the new scope of work and eligible costs.

We remain committed to working closely with GOHSEP and Applicants to resolve project options, funding guidance, and scope alignment issues as quickly as possible. Please do not hesitate to contact me with any questions or concerns.

Sincerely,



Jim Stark

Director

Louisiana Transitional Recovery Office

Enclosure: Summary of Project Funding Options and Guidance

Summary of Project Funding Options

Funding Option	Description	Capped
Alternate Project	Available funds are limited based upon estimate of costs to complete original scope of work and alternate project calculation. If requested by Applicant, the estimate may be derived from a scope alignment involving Applicant and FEMA input to define eligible costs. Otherwise, available funding is based upon the obligated PW and alternate project calculation.	Yes
Improved Project – Improvements identified in SOW and Contractor's costs	If the improvements and the cost of those improvements are identified by the Applicant, funding for the eligible scope of work will be based upon actual eligible costs.	No
Improved Project – Improvements are not identified in SOW or Contractor's costs	If the improvements and the cost of those improvements are not identified by the Applicant, funding will be limited to the scope of work and associated costs identified in the obligated PW. If the project has been completed it is unlikely that a auditable scope alignment to re-evaluate the costs of eligible work can be performed.	Yes
Improved Project – Applicant is using latitude granted by GCRO Guidance for Formulating Improved Projects dated 7/30/07	The guidance for this option allows the funds available from a "contributing" facility to be used to improve another facility of similar function. The eligible funding will be limited to the original scope of work and estimate to complete the scope of work at the contributing facility. If requested by Applicant, this estimate may be derived from a scope alignment involving Applicant and FEMA input to define eligible costs. Otherwise, available funding is based upon obligated PW.	Yes
Replacement Project – Replacement is at original site	Reimbursement will be based upon the actual reasonable costs of a new structure of equivalent capacity and function.	No
Replacement Project with Improvements – Improvements have been identified in scope of work and Contractors costs	If the improvements and the cost of those improvements are identified by the Applicant, funding for the eligible replacement scope of work will be based upon actual eligible costs.	No
Replacement Project with Improvements – Improvements have not been identified in scope of work and Contractors costs	If the improvements and the cost of those improvements are not identified by the Applicant, funding will be limited to the replacement scope of work and associated costs identified in the obligated PW. If the project has been completed it is unlikely that a auditable scope alignment to re-evaluate the costs of eligible work can be performed.	Yes
Replacement Project Relocation – Applicant has voluntarily chosen to relocate facility	Reimbursement will be based upon actual reasonable costs of a new structure of equivalent capacity and function. Land acquisition, site preparation, and utility work are not eligible for reimbursement for voluntary relocations. If the Applicant, makes improvements, the funding guidance will be based upon the two Replacement Project with Improvements scenarios above. If the improvements are not identified, the funding could be capped.	No
Consolidation Project – Applicant has chosen to consolidate facilities	Applicants may choose to consolidate facilities that are eligible for repair and replacement. Consolidation projects may involve several of the funding options described above. Each of the projects which are being used in the consolidation must be analyzed using the guidance provided. Consolidation projects may have both capped and uncapped elements.	Both