



FEMA

FEB 13 2013

Kevin Davis, Director
Governor's Office of Homeland Security and
Emergency Preparedness
7667 Independence Blvd.
Baton Rouge, LA 70806

Dear Mr. Davis:

This letter is a follow up to my letter of June 12, 2012, regarding authority provided by Section 638(f) of the Post-Katrina Emergency Management Reform Act (PKEMRA). Specifically, this provision directed the Federal Emergency Management Agency (FEMA) to provide an incentive for the rapid closeout of Hurricane Katrina and Rita disaster projects. As a result, FEMA authorized up to 3% of Direct Administrative Costs (DAC), in addition to the sliding scale percentage allowance provided for in 44 CFR 207.9(b)(2), for Disasters LA-1603, MS-1604, AL-1605, TX-1606, and LA-1607.

Initially, FEMA had limited eligibility for this incentive under DR 1603 and 1607 to only those individual projects that would be "submitted for final project certification" by August 29, 2013. After reexamination of the authority provided under Section 638(f), and in consideration of the almost unprecedented volume of projects generated by these disasters, FEMA has amended some of the criteria set forth under the "Guidance" section in the June 12, 2012, as follows:

- For each Subgrantee in DR 1603 and 1607, FEMA will reimburse and obligate DAC up to 3%, which will be calculated based on the sum total of each Subgrantee's actual eligible non-DAC project costs.
- FEMA will consider DAC eligible regardless of whether a particular project has been submitted for certification of completion, provided such costs were incurred under an approved project completion date and prior to the August 29, 2013, administrative cost deadline.
- All DAC claims must be for eligible work, documented, reasonable, and attributed to an eligible project. FEMA will continue to work with GOHSEP and the applicants to discern eligibility and appropriate supporting documentation for claimed DAC.

In addition, FEMA has amended criteria under the "Deadlines" section in order to allow additional time under this incentive. As a result, FEMA will reimburse applicants for DAC incurred after August 29, 2013, provided the Grantee and Subgrantees meet the project certification and closeout performance measures stipulated below. These performance measures are based on the aggregate total of all the projects that have been completed for DR 1603 and 1607.

- By August 29, 2013, the Grantee must receive certification of completion for 30% of the total number of completed large projects and 40% of the total number of completed small projects for DR 1603 and 1607.
- By August 29, 2014, the Grantee must receive certification of completion for 40% of the total number of completed large projects and 60% of the total number of completed small projects for DR 1603 and 1607.
- By August 29, 2015, the Grantee must receive certification of completion for 60% of the total number of completed large projects and 100% of the total number of completed small projects for DR 1603 and 1607.
- By August 29, 2016, the Grantee must receive certification of completion for 80% of the total number of completed large projects for DR 1603 and 1607.

The percentages above will be applied to the gross number of the projects completed as identified in GOHSEP's quarterly report (as validated by FEMA), and will be calculated each August to define the performance measures applied to future time extensions.

In order to obtain an extension for DAC through August 29, 2014, the Grantee must receive certifications by August 29, 2013, for the number of projects identified in the table below. FEMA generated this table using GOHSEP's quarterly report data from December 2012, which shows that 4,573 large projects and 13,306 small projects are completed and ready for certification. We believe through a collaborative effort that this goal can be achieved by August 29, 2013.

	Projects Completed	Number of Project Certifications required to be considered for a time extension on DAC
Large Projects ready for certification*	4,573	1,372 (30%)
Total Small Projects**	13,306	5,322 (40%)

* : As reported in the State's last quarterly report

** : Subgrantees are not required to report progress of small projects. Additionally, Subgrantees must close all small projects under a single certification. Therefore, the actual number of small projects that are ready for certification may be different than reported in this table.

As part of demonstrating the effectiveness of this incentive for timely closeout of Public Assistance projects from these disasters, we strongly encourage GOHSEP to work with Subgrantees to finalize project formulation by August 29, 2013, for all remaining projects with incomplete scopes of work.

Kevin Davis
February 13, 2013
Page 3

FEMA continues to support Louisiana's recovery and look forward to supporting efforts to expeditiously certify and close out projects. If you have any questions, please contact Bill Roche, Public Assistance Division Director at (202) 212-2340.

Sincerely,



Deborah Ingram
Assistant Administrator
Recovery Directorate

cc: Mark Riley, Deputy Director for Disaster Recovery, GOHSEP
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