

U.S. Department of Homeland Security  
Louisiana Transitional Recovery Office  
One Seine Court, Suite 1027  
New Orleans, LA 70114  
(504) 762-2018 office  
(504) 762-2899 fax



**FEMA**

February 2, 2011

Mark DeBosier  
Deputy Director – Disaster Recovery Division  
GOHSEP  
State of Louisiana  
7667 Independence Boulevard  
Baton Rouge, LA 70806

Re: Clarification of Disaster-Specific Guidance for Alternate and Improved Projects  
FEMA-1603/1607-DR-LA  
Correspondence Log #3641-O

Dear Mr. DeBosier:

This letter provides clarification to recent discussions and inquiries concerning the use of Alternate Project funds authorized by Congressional legislation, also known as the Omnibus Bill. Legislation includes the Consolidated Appropriations Act 2008 (Public Law 110-161), Supplemental Appropriations Act 2009 (Public Law 111-32), and the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act 2009 (Public Law 110-329). As with past memorandums describing innovative processes and allowances for developing Alternate and Improved Projects, this legislation provides Applicants flexibility to avoid funding limitations in the Public Assistance (PA) Program.

As articulated in 44 CFR 206.203(d)(2)(iv), "*Funds contributed for Alternate Projects may be used to repair or expand other selected public facilities, to construct new facilities, or to fund hazard mitigation measures.*" Alternate Projects must be formulated for an eligible facility while maintaining an eligible function and must comply with Alternate Project Disaster Assistance Policy 9525.13 (July 31, 2001).

In addition to the Omnibus criteria, disaster-specific guidance memorandums have been issued by FEMA to provide flexibility to allow applicants to aggregate facilities, contents, and equipment that provide a common service or function (July 30, 2007, November 6, 2007, January 25, 2008, and March 7, 2008). Applicants may apply funding for repair, enhancements, or new construction and to purchase the quantity and type of contents and equipment that best meets their post-disaster needs. These memoranda are attached.

The Omnibus Bill allows FEMA to fund Alternate Projects for police stations, fire stations, and criminal justice facilities, as well as public and private non-profit (PNP) primary and secondary schools, at 100 percent of the estimated costs or 100 percent of the actual costs, whichever is less. This allows Applicants to maximize FEMA funding by waiving the statutory reduction for

Mr. DeBosier  
February 2, 2011  
2 of 2

Alternate Projects. The Omnibus Bill also limits mandatory National Flood Insurance Program reductions to only one facility of each type, rather than every facility. It is important to recognize that an Alternate Project still cannot exceed the pre-disaster function and capacities that existed prior to the declared event.

Requests have been received by our office to use Alternate Project funding from:

- contents toward the construction of facilities
- jails toward the enhancement of recreational parks or other non-justice related projects
- schools toward the development of community centers

In each case above, the funds would be used toward eligible permanent projects that meet the eligibility allowed under the Alternate Project criteria. As such, FEMA would support these projects as eligible. It should be noted that Alternate Projects for PNP Applicants must be for facilities that would be eligible for assistance under Section 406 of the Stafford Act. The Omnibus Bill does not limit, restrict, or expand the use of Alternate Project funding beyond what exists within applicable law, regulation, and policy. The legislation does not limit the use of Alternate Project funding to a location or site or the same function.

While the Omnibus Bill and past memorandums provide Applicants latitude to leverage FEMA grant funds to optimize restoration of facilities, ultimately projects must remain within established FEMA policies and regulations. Alternate Projects are capped at the lesser of estimated or actual costs to restore the damaged facility and function. In select cases, an Applicant may utilize Alternate Project funding to restore their original function and facility but cannot exceed the original function and capacity.

FEMA supports GOHSEP efforts to assist all eligible applications of the Omnibus Bill to the fullest extent possible to benefit the Applicants and to leverage grant funds to meet their needs and expectations. FEMA will continue to facilitate the latitudes provided under the Omnibus Bill as well as the disaster-specific consolidation efforts previously employed.

Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,



Andre Cadogan  
Deputy Director, Programs  
Louisiana Recovery Office

Enclosures

cc: Mark S. Riley, Chief of Staff, GOHSEP

U.S. Department of Homeland Security  
Federal Emergency Management Agency  
Gulf Coast Recovery Office  
One Seine Court  
New Orleans, Louisiana 70114



**FEMA**

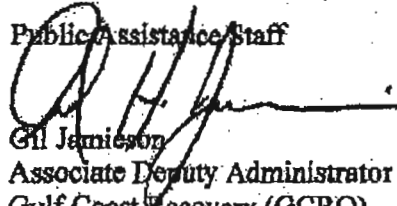
July 30, 2007

**MEMORANDUM FOR:** All FEMA Transitional Recovery Offices (TRO)  
Louisiana, Mississippi, Alabama and Texas

**ATTENTION:**

Public Assistance Staff

**FROM:**

  
Gil Jamieson  
Associate Deputy Administrator  
Gulf Coast Recovery (GCRO)

**SUBJECT:**

Guidance for Formulating Improved Projects

**PURPOSE:**

The purpose of this memorandum is to provide clarification for the formulation of Improved Projects for the State and Subgrantees that provide public services from multiple locations and facilities such as education systems.

The widespread damage and subsequent long-term evacuation of large areas of Louisiana following Hurricanes Katrina and Rita have caused many public and PNP Subgrantees to struggle with the development of short- and long-term recovery priorities. Factors such as decreased population, unknown re-population rates, obsolete facilities, under-utilized facilities, poorly maintained facilities, reduced requirements for public services, and funding concerns have complicated the development of prudent and cost-effective recovery strategies.

**AUTHORITY:**

Section 406 of the Stafford Act provides FEMA with the authority to contribute funding for Improved Projects. Federal regulations for implementing the Improved Project funding option are provided in 44 CFR Paragraph §206.203(d).

These regulations allow FEMA to provide Public Assistance funding in situations where Subgrantees wish to make improvements while restoring the function of a disaster-damaged facility during the repair or replacement of that facility. In practice, Subgrantees have used the



Improved Project option to upgrade the design of facilities, expand or increase the capacity of facilities, relocate facilities, and consolidate several existing facilities into a new facility.

**GUIDANCE:**

The guidance provided by this memo allows FEMA to consider a group of facilities that provide a common service, such as providing educational services, to be part of an aggregated function or system. This will include facilities at all locations that are part of the individual Subgrantee's services provided to the public. Further, the funding to repair or replace a facility contributing to the aggregated function of the applicant could be used to enhance the function at another facility that contributes to the aggregated function as an Improved Project. The funds from the contributing facility would be available for repair or new construction and to meet funding gaps that may not be reimbursable based upon a site-specific damage assessment.

This memo also provides guidance in the definition of capacity. As described in the *Public Assistance Guide* (FEMA 322), FEMA policy holds that an Improved Project must have at least the same capacity as the pre-disaster facility. In the case of educational systems, and given post-disaster changes in demographics and the pre-disaster poor condition, substandard design, and under-utilization of many facilities, it may not be reasonable to hold Subgrantees to this standard. Additionally, "capacity" is not readily defined for many facilities (for example, the State of Louisiana does not have a definition of student capacity for school buildings) and capacity may actually be increased through the construction of newer, more efficient facilities despite reductions in square footage.

In situations where a Subgrantee decides that the public interest would not be best served by restoring a damaged facility or its function and the Subgrantee decides to use funds to restore unrelated functions such as shifting the work on a school to a non-curriculum facility, the use of the Improved Project funding option will not apply. The Subgrantee would apply for an Alternate Project in this case. FEMA will make 75 percent of the Federal share of eligible funding available for an eligible alternative purpose.

**IMPLEMENTATION:**

FEMA and the State will implement this guidance in a manner consistent with current Alternate and Improved Project formulation processes.

1. The Subgrantee will notify the State of its intent to proceed with an Improved Project rather than restoring the contributing facility (or facilities) to pre-disaster condition. The State will evaluate and approve the Improved Project in coordination with FEMA review.
2. For a specific contributing facility or group of contributing facilities, FEMA will determine the eligible cost, including eligible upgrades to meet current codes and standards. Eligible costs will not include costs for deferred maintenance at the contributing facility. To preserve the applicant's flexibility in planning, FEMA will allow the transfer of the function of the contributing facility (or facilities) throughout the aggregated function or system. However, for grants management purposes, FEMA may consider packaging funds for several contributing facilities in groups associated with specific recovery projects. FEMA will allow use of the funding to create facilities with reasonable and appropriate characteristics necessary to deliver the essential function.

effectively to the post-disaster population served. Overall funding would be capped at the aggregate of the eligible cost established to restore the contributing facilities to pre-disaster condition. Site-specific costs, such as demolition, asbestos abatement, and 406 Hazard Mitigation funds would not transfer to new facilities.


3. The Subgrantee will be responsible for ensuring that the contributing facility or facilities are secured consistent with eligible funding or other sources as identified. If a Subgrantee chooses this approach, the proposed Improved Project will supplant the previous scope of work and be limited to the eligible FEMA participation. The Subgrantee must agree that no further claims will be eligible for the contributing facility.

There are several very important issues that need to be considered when utilizing the broadened Improved Project Option:

1. Complete narratives need to be submitted for the use of the funds at the receiving facilities as well as the contributing facilities. These narratives will be the basis of additional environmental and historic preservation review which is required at both facilities since the option will necessitate the development of new scopes of work.
2. The funds available from contributing facilities will be based upon repair or replacement estimates since the original scope of work will not be completed. It is important that the Subgrantee verifies and agrees to these estimates or provides their own estimates for reconciliation with FEMA estimates.
3. The Subgrantee will be responsible for securing the contributing facility consistent with the appropriate actions. This may be in the form of demolition or "mothballing" the facility. The Sub-grantee's plan and funding mechanism to implement this work is an important requirement for consideration in determining the eligibility of the Improve Project proposal.



FEMA

MEMORANDUM FOR: Transitional Recovery Office Directors  
FROM:   
Gil Jamieson  
Associate Deputy Administrator  
Gulf Coast Recovery  
DATE: November 6, 2007  
SUBJECT: Public Assistance Innovations

As the Gulf Coast communities continue to recover from the devastation wrought by Hurricanes Katrina and Rita, it is important that we seize every opportunity to provide progressive solutions that will assist these communities in their rebuilding effort. To that end, I am very pleased to announce an innovative approach to resolve funding issues experienced by Public Assistance Applicants in replacing damaged building contents.

Central to the damaged contents funding approach is the ability to consolidate multiple Project Worksheets (PWs) into one PW through the use of a standardized content categorization system. A limited number of broad contents categories will provide the basis for the categorization system and will be tied to the Applicant's current procurement coding methodology. This methodology provides greater latitude than traditional line item accounting by allowing replacement of similar function without dictating the types of items or number of units.

Specifically, this new approach:

- Is progressive and forward leaning
- Maximizes grant dollars to Applicants
- Modernizes contents
- Provides flexibility necessary to meet changing needs as an Applicant recovers and rebuilds

Furthermore, the new process exponentially aids in simplifying project formulation, grantee disbursement, closeout and auditing functions.



In order to fully implement this approach, and in accordance with the statutes, regulations and policies that govern FEMA's Public Assistance Program, all parties will have to work cooperatively to ensure that a request for an improved project is submitted to FEMA for the required review. Once approved, this request will allow for the drawdown of funds within broad categories in lieu of an itemized drawdown of funds for specific items. The Applicant remains responsible for the full accounting of the expenditures under each category. Although the value of each category will be capped, the Applicant will only be required to tie purchased items to a functional category.

The following examples illustrate the advantages of this new approach:

- A Project Worksheet (PW) is approved for \$1 million to replace damaged furnishings (desks, chairs, etc.). The PW was prepared using an itemized inventory list showing all the pre-disaster furnishings and their replacement value. Under the traditional Public Assistance Program, the Applicant would be required to replace each item of furnishing as shown on the PW inventory. Under the new approach, the Applicant can select an improved project whereby the total funds of \$1 million would be capped and the Applicant can purchase a different configuration of furnishings which better meets their post-disaster needs.
- A Project Worksheet (PW) is approved for \$500,000 in damages to contents of a road maintenance facility. The PW was prepared using an itemized inventory list showing all the pre-disaster tools, supplies and their replacement value. Under the traditional Public Assistance Program, the Applicant would be required to replace each individual tool and the identical supplies as shown on the PW inventory list. Under the new approach, the Applicant can select an improved project, identify categories of contents that match their procurement system, and use the capped PW amount of \$500,000 to purchase a variety of tools and supplies that, although are not item by item replacements, fall into the same functional grouping and better meet their post-disaster needs.

This methodology illustrates FEMA's commitment to innovative solutions that will help impacted communities along the Gulf Coast meet their post-disaster needs. Please share this with your state partners and continue to explore similar opportunities with potential to accelerate the recovery effort. If you have any questions, please contact me.

cc: Public Assistance Section Chiefs, Transitional Recovery Offices  
Michelle McQueeney, Chief of Staff, GCRO  
Blair McDonald, Deputy Chief of Staff, GCRO  
Carlos Castillo, Assistant Administrator, Disaster Administrator Division  
David Garratt, Deputy Assistant Administrator, Disaster Assistance Division  
James Walke, Public Assistance Division, Disaster Assistance Division

U.S. Department of Homeland Security  
Louisiana Transitional Recovery Office  
One Seine Court  
New Orleans, LA 70114  
(504) 762-2018 office  
(504) 762-2899 fax



FEMA

January 25, 2008

Colonel Thomas Kirkpatrick  
State Coordinating Officer  
State of Louisiana  
415 North 15<sup>th</sup> 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,



Colonel Kirkpatrick  
January 25, 2008  
Page 2 of 2

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
<b>Alternate Project</b>	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
<b>Improved Project –</b> 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
<b>Improved Project –</b> 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
<b>Improved Project –</b> Applicant is using latitude granted by GCRO <i>Guidance for Formulating Improved Projects</i> 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
<b>Replacement Project –</b> Replacement is at original site	Reimbursement will be based upon the actual reasonable costs of a new structure of equivalent capacity and function.	No
<b>Replacement Project with Improvements –</b> 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
<b>Replacement Project with Improvements –</b> 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
<b>Replacement Project Relocation –</b> 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
<b>Consolidation Project –</b> 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





# FEMA

March 7, 2008

MEMORANDUM FOR: All FEMA Transitional Recovery Offices (TRO)  
Louisiana, Mississippi, Alabama and Texas

FROM:

A handwritten signature in black ink, appearing to read "James W. Stark".

James W. Stark  
Acting Associate Deputy Administrator  
Gulf Coast Recovery Office (GCRO)

SUBJECT: Public Assistance Innovations—Formulating Improved Projects for  
Replacement of Equipment

**PURPOSE:**

The purpose of this memorandum is to provide clarification for the formulation of Improved Projects that involve replacement of equipment. The application of this guidance will aid in simplifying project formulation, disbursement of funds to Grantees, closeout and auditing functions.

The widespread damage and subsequent shifting of demographics in Louisiana and Mississippi have resulted in changing demands placed upon many public and private non-profit (PNP) Subgrantees. Factors such as decreased population, unknown re-population rates, obsolete vehicles, reduced requirements for public services, and funding concerns have complicated the development of prudent and cost-effective recovery strategies.

**AUTHORITY:**

Federal regulations for implementing the Improved Project funding option are provided in 44 CFR 206.203(d). These regulations allow FEMA to provide Public Assistance (PA) funding in situations where Subgrantees wish to make improvements while restoring the function of a disaster-damaged facility during the repair or replacement of that facility. In practice, Subgrantees have used the Improved Project option to upgrade the design of facilities, expand or increase the capacity of facilities, relocate facilities, and consolidate several existing facilities into a new facility.

In an effort to develop progressive and forward-leaning strategies for the recovery of the Gulf Coast, FEMA has issued two guidance memos that seek to provide further flexibility for PA Applicants who pursue the Improved Project funding option. The first memo, dated July 30, 2007, allows FEMA to consider a group of facilities that provide a common service, such as educational services, to be part of an aggregated function or system. The other memo, dated November 6, 2007, provides direction for resolving funding issues concerning the replacement of building contents by reconfiguring them into categories.



**GUIDANCE:**

The guidance provided by this memo allows FEMA to consider a quantity of equipment that provides a common service—such as transit buses, police cars, backhoes, or tractor mowers—to be part of an aggregated function. This will include all equipment items that are part of the individual Subgrantee's services provided to the public. As such, the aggregated funding to replace equipment damaged by the event will be made available for the purchase of like equipment that is better suited to the needs of the community. This methodology provides greater latitude than the traditional one-for-one replacement by allowing the Applicant to replace a certain quantity of equipment with a lesser quantity of equipment while providing the same function.

This memo also provides guidance on the definition of capacity that is consistent with the definition utilized in the July 30, 2007 memo. As described in the PA Guide (FEMA 322), FEMA policy holds that an Improved Project must have at least the same capacity as what existed prior to the disaster. Given post-disaster changes in demographics and the outdated technology of many vehicles, it may not be reasonable to hold Subgrantees, such as transportation authorities and police departments, to this standard.

The following example illustrates the advantages to this new approach:

A Project Worksheet (PW) is approved for the replacement of 100 vehicles in the amount of \$1 million. The PW was prepared using an itemized list of all pre-disaster vehicles and their actual cash values. Under the traditional approach, the Subgrantee would be eligible only for reimbursement of each vehicle replaced. For instance, if the Subgrantee chose to replace 75 of the 100 vehicles, they would only be eligible for the replacement value of the 75 vehicles. Applying the guidance described in this memo, the Subgrantee can now use the capped amount of \$1 million (less insurance proceeds or funds provided by other federal agencies) to purchase the quantity and type of vehicle – as long as it is consistent with the pre-disaster function – that best suits their needs.

**IMPLEMENTATION:**

This guidance will be implemented in a manner consistent with the current Improved Project formulation process. The methodology illustrates FEMA's commitment to innovative solutions that will help impacted communities along the Gulf Coast meet their post-disaster needs. Please share this with your state partners and continue to explore similar opportunities that may help to accelerate the recovery effort. Please do not hesitate to contact me if you have questions or need additional information.

cc: Public Assistance Section Chiefs, Transitional Recovery Offices  
Michelle McQueeney, Chief of Staff, GCRO  
Blair McDonald, Deputy Chief of Staff, GCRO  
Carlos Castillo, Assistant Administrator, Disaster Administrator Division  
David Garratt, Deputy Assistant Administrator, Disaster Assistance Division  
James Walke, Public Assistance Division, Disaster Assistance Division