FEMA – ASFPM Leadership Meeting
Effectiveness of Mitigation
Friday, November 19, 2010

On Friday, November 19, 2010, members of ASFPM met with FEMA to discuss successes and challenges in the current mitigation programs and explore options in order to find solutions that will more effectively promote mitigation through collaboration and partnerships. The following individuals were in attendance at this meeting:

**ASFPM:**
- Greg Main, Chair
- Larry Larson, Executive Director
- Chad Berginnis, Associate Director
- George Riedel, Deputy Executive Director
- Merrie Inderfurth, Washington Liaison
- Deb Mills, Co-Chair Mitigation Policy Committee
- Tim Trautman, Facilitator Mitigation POD
- Dave Canaan, Mecklenburg County, North Carolina

**FEMA:**
- Sandra Knight, Deputy Assistant Administrator
- Michael Grimm, Senior Policy Advisor Mitigation
- James Walke, Division Director Risk Reduction
- David Stearrett, Chief, Floodplain Management Branch
- Dennis Kuhns, Division Director Risk Insurance
- James Sadler, Branch Chief Claims and Appeals
- Chad Clifford, General Counsel’s Office
- Shabbar Saifee, Acting Deputy Division Director Risk Reduction
- Cecelia Rosenberg, Chief, Grants Policy Branch
- Jody Springer, BCA Lead, Grants Data Analysis and Tools
- Karen Magnino, Grant Implementation
- Kathy Smith, Assessment and Planning
- Andy Neal, Accuracy NFIP

Attached is a copy of the meeting agenda.
I. Mitigation Grants – Alternative options for a mitigation project
Tim Trautman led this discussion for ASFPM. The following are highlights of this discussion:

- FEMA’s current cost effectiveness criteria (Benefit/Cost) for mitigation grants can result in less effective and less desirable projects for communities.
- Can FEMA allow alternative option for a mitigation project under Mitigation Programs similar to the options which are currently allowed under Public Assistance Program.
- Some participants did not like the term “alternative projects” to describe this concept.
- FEMA indicated that under Mitigation Programs cost effectiveness (BC) is required for projects by law. Under Public Assistance Program, no cost effectiveness (BC) is required.
- Most participants agreed that the concept is worthwhile and should be explored on how to change the mitigation grant criteria.
- The constraint on cost effective project is the statutory language. OMB Circular A.

Possible solutions:
1. Change the law to allow an option that results in better risk reduction as long as one option meets BC and fed cost is tied to that option
2. Revise and update BC module for more flexibility
3. Redefine or revise “Total Project Cost”
4. Revise and expand the use of “Greatest Savings to the Fund” (GSTF)
5. ASFPM POC: Tim Trautman; FEMA POC: Shabbar Saifee & James Walke

II. Improvement to Severe Repetitive Loss (SRL) Program
Deborah Mills led the discussion on improvement to SRL Program. The following are highlights of this discussion:

- Current program is being used; however, the program is currently being underutilized. (only avg. $30 million/yr).
- There was a $100,000,000 carryover in this program. The FY-11 budget for FEMA zeroes out this funding. Getting any budget in future years could be a problem.
- The current program is burdensome and very prescriptive due to constraints in the legislative language.
- There are 9,000 structures on the SRL list, and it is growing, not reducing.
- Getting to 90/0 cost share is very difficult and punitive
- Should cost share for SRL be 100%?

Possible improvements to SRL Program would mostly need to be legislative due to the prescriptive language of the program. Ideas could include the following:
1. Better and more effective Education and Outreach about the SRL program to states and communities
2. Reduce the amount of upfront work required prior to application
3. Combine the three insurance based repetitive loss mitigation programs into one repetitive loss grant program to streamline the process
4. Eliminate or reduce cost share
5. Allow non-residential structures to be eligible for SRL Program
6. Revise or eliminate BC module as a criteria for SRL Program criteria

Discussion on the formula for “Greatest Savings to the Fund” was held. GSTF benefits calculations often return fewer benefits than traditions BCA methodologies. The GSTF are
updated once a year based upon NFIP data from March 31 and available to States and Communities from the FEMA Regions by the end of June. FEMA pointed out examples where GSTF resulted in cost-effective mitigation projects.

- The “Greatest savings to the Fund” calculations are performed by actuaries and are relatively complex estimates of future NFIP savings. The GSTF calculation uses a discount rate of 1.6% and estimates the savings over a 30-year period. ASFPM suggested doing two cost savings calculations for both 30-year and 100-year periods to mirror how the benefits are calculated for differing mitigation options. For example acquisition and relocation projects extrapolate benefits over 100-years.
- ASFPM POC: Deborah Mills; FEMA POC: Tony Hake, Andy Neal, & Ryan Janda.

III. **Benefit Cost Analysis (BCA) Criteria and Discount Rate**

Chad Berginnis and Tim Trautman lead the discussion on BCA Criteria and Discount Rate. The following are highlights of this discussion:

- FEMA provided an update on revision of BCA. Three years ago, a work group identified items that need to be revised or updated. At that time, the budget allowed for some of the identified items to be revised. Now, many of the items have been update or revised and FEMA continues to work on the list.
- The damage functions have been improved. Currently working on updating damage functions for Coastal Areas. This should improve the BCA number.
- FEMA’s goal is to make BCA modules more user-friendly.
- Beta testing is underway on a new BCA module that will allow large spreadsheets of multi-property data to be imported and exported.
- FEMA can waive the BCA for any mitigation project if structure is substantially damaged.
- Some budget items still missing in BCA are Loss of Life, Automobiles, Sheds, etc. FEMA indicated that they are looking at Loss of Life; however, hard to determine cause of Loss of Life. FEMA indicated automobiles and sheds are eligible cost now.
- FEMA will be working on capturing Environmental and Sustainable Benefits in the BCA modules. No firm time-line; but, hopefully within the next two years.
- FEMA indicated during the meeting that URA costs do not need to be included as a cost in the BCA module. ASFPM representatives were unaware of this item. ASFPM asked that HQ ensure FEMA Regions are aware of this item. Also, are all instructors teaching the BCA modules aware of this item?
- FEMA indicated that they are providing BCA training at no charge. This training is normally a 2 ½ day training workshop. FEMA indicated that they are seeing less demand for this training, because, in their mind, the new BCA model is more user friendly.
- A comprehensive discussion on discount rate was postponed due to time constraints.
- Suggested actions to consider:
  1. Provide BCA training at the advanced level
  2. FEMA & ASFPM work together on Q&A with tips and ideas
  3. Provide opportunity for S&L partners to participate in BCA continuing update
- ASFPM POCs: Chad Berginnis & Tim Trautman; FEMA POCs: Jody Springer & Shabbar Saifee.
IV. Mitigation and Eligibility with Increased Cost of Compliance (ICC)

Deborah Mills and Chad Berginnis lead this discussion on ICC. The following are highlights of the discussion:

- ICC could be a very effective tool for mitigation; however, ICC needs to be streamlined.
- FEMA indicated that they are in Rule Making and cannot really comment on changes to ICC. They did indicate that they are moving towards Section 105 of?? (the 2004 law?).
- ASFPM pointed out that communities are considering and/or rescinding cumulative substantial damage language because ICC only deals with structures that are damaged 50% or greater and ICC funds are not available for those structures under the 50% threshold. FEMA indicated that they can administratively deal with this situation to approve those projects. ASFPM indicated that this is new information and it is not known out in the FEMA Regions.
- An increase to the ICC CAP is being considered in current Rule Making.
- Actions:
  1. ASFPM will do an article for a newsletter with the information on ICC in regard to Cumulative Substantial Damage language. The article will be sent to FEMA for review before being published.
  2. FEMA to publish rule on proposed ICC changes
  3. Consider additional law changes to address the conflicts created by the 2004 act.
- ASFPM POC: Deborah & Chad B.; FEMA POC: ?

V. Hazard Mitigation Planning and Award Process

George Riedel lead the discussion on planning related to All-Hazard Plans and Hazard Mitigation Grant Program (HMGP). The following are highlights of the discussion:

- Discussed changing the requirement of State Plan update from current three years to five years.
- Communities’ five year update was meant to match CRS update.
- FEMA is working with SHMOs on evaluation of the entire planning cycle and process.
- There are currently nine states with an enhanced plan. There are at least 14 states that have had an enhanced plan.
- Discussed the “Managing State” concept. FEMA indicated that there are 13 states that are Managing States. However, all of the MOUs have expired. FEMA indicated that they see a benefit in the “Delegated State” concept. FEMA want to re-look at this concept this coming year.
- Discussed the problem with the length of time it is taking HMGP projects to be approved. FEMA requested examples of this problem.
- Actions:
  1. ASFPM will provide specific examples of lengthy project approvals so FEMA can ascertain cause and possible solutions
  2. FEMA will explore “Delegated Managing State”
- ASFPM POC: George; FEMA POC: Cece Rosenberg & Jeff Head.

ASFPM distributed copies of ASFPM’s white paper on Critical Facilities and draft white paper on defining Mitigation.

ASFPM would like to start meeting regularly (quarterly) with FEMA to discuss mitigation issues. FEMA indicated they thought this would be a good idea.