

CHAPTER 6

REIMBURSEMENT

Background:

A disaster can be devastating to a jurisdiction's resources, both in personnel and in funds. The job of protecting lives and property will begin immediately after the disaster; however, funding from the state and FEMA will not follow so quickly.

To get started in its recovery efforts, a jurisdiction must be knowledgeable about the state and federal reimbursement programs and the process for requesting funding. This chapter also gives guidelines for receiving reimbursement for recycling programs even if they are not "least cost" as is FEMA's policy.

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STEP 1: ROLE OF THE OFFICE OF EMERGENCY SERVICES¹

OES role: The State Office of Emergency Services (OES) is responsible for administering the Public Assistance Program under The Stafford Act.

Responsibilities: OES is responsible for:

- ◆ administering the grant for all funds provided under the FEMA Public Assistance Grant Program available to eligible private non-profit organizations, state and local governments and special districts after a Presidential declared disaster or emergency.
- ◆ serving as the communications link between the subgrantee and FEMA during the entire recovery process;
- ◆ providing State support for damage survey activities; and
- ◆ providing technical advice and assistance to eligible subgrantees.

Direct questions OES will coordinate all requests for assistance to

OES: FEMA. Direct your questions and concerns to your OES Applicant Services Representative (ASR). OES is your advocate for receiving state and federal assistance and can help make the recovery process an easier one. (See Attachment A ` for a listing of regional offices and contacts).

STEP 2: REIMBURSEMENT PROGRAM

Reimbursement level: Local governments and special districts will be reimbursed for not less than 75% of eligible disaster-related costs under the federal public assistance program and up to 25% under the California Natural Disaster Act (NDAA).

Eligible costs: Eligible costs for reimbursement include:

- ◆ permanent repairs to damaged facilities,
- ◆ eligible emergency work, and
- ◆ protective measures.

Public Assistance Program: The Public Assistance program is intended to be a reimbursement program. In most cases, funds must be expended before the applicant may receive disaster assistance grant funds.

Lengthy process: This reimbursement process is a lengthy one involving the review of damage estimates. Actual receipt of funds may take weeks or months.

Cash flow: Anticipate that a jurisdiction must fund diversion programs until FEMA reimburses the program costs. This may necessitate using general funds or taking out a private loan.

STEP 3: FEDERAL/STATE COST SHARE

Cost share: Following is the breakdown of federal/state and local cost shares established as minimum under the Stafford Act. The cost share is also subject to FEMA-State Agreement.

Agency	Cost share %
FEMA	pays a minimum of 75% of the eligible disaster-related costs
State OES	generally pays up to 75% of the remaining 25% of the non-federal costs;
local government	is responsible for 25% of the non-federal share or 6.5% of total eligible costs. However, this 6.5% can be less, depending upon the circumstances.

OES does not share in the costs incurred by a state agency.

Cost share: The division of costs among Federal, State, and local governments is a negotiable item. The minimum federal share under the Stafford Act is 75%. However, depending on the circumstances, the Federal government may assume a larger percentage of the costs.

Typical costs: The federal/state share is typically 75%/25%, but this varies depending upon the extent of the disaster as outlined in the FEMA/State Agreement for that declaration. It is based upon the State's ability to pay the cost share.

Example: Sometimes a threshold dollar amount is used. For example, for eligible project costs up to \$100,000, the cost share may be 75%/25%, but after that it may be 90%/10% or 100% reimbursed by FEMA.

□ **STEP 4: FEMA-STATE AGREEMENT²**

Content of FEMA-State agreement: After the President's declaration of a major disaster or emergency, the Governor and the appropriate FEMA regional director execute a FEMA-State Agreement. The agreement:

- ◆ prescribes the manner in which Federal aid under the Stafford Act is to be made available,
- ◆ lists the areas within the state that are eligible for assistance;
- ◆ stipulates any division of costs among federal, state, and local governments; and
- ◆ specifies the period recognized as the duration of the major disaster or emergency.

Negotiations: It is when the FEMA-State team is developing this agreement that the state (OES) can negotiate the state cost share with FEMA. Typically the federal/state share is 75%/25%. However, in the case of the Northridge earthquake in 1994, the federal/state share was 90%/10%; for Loma Prieta the federal share was 100%.

Various factors: Keep in mind that many factors go into the determination of the cost share and that the particular circumstances of each disaster or emergency will vary.

□ STEP 5: REIMBURSEMENT FOR DIVERSION OR RECYCLING PROGRAM

Confirm program eligibility

Obtain written approval from FEMA for the reimbursement of the diversion program before instituting the diversion program. This is to ensure that FEMA will reimburse the jurisdiction for all program costs. Establishment of a diversion program can often hinge on whether a city/county has the funds to start up such a program until federal funding becomes available.

Loan:

A jurisdiction may need to draw upon its general funds, obtain a loan, or use private funds to establish a program until FEMA reimbursement is received.

Least cost:

FEMA's policy to date has been to reimburse for the "least cost" programs, and reimburse for diversion programs if they are in keeping with an existing policy of the jurisdiction.

However, the jurisdiction must document such policies, provide adequate documentation to FEMA, and receive their approval prior to implementing the diversion program in order to receive reimbursement.

FEMA consultant:

Local jurisdictions should be aware that if they do not have local expertise on the reimbursement process, they can ask for assistance from the Federal, State, or private resources to help them with the reimbursement process.

Please refer to the NDAA and FEMA guidelines as to whether reimbursement for a private consultant can be reimbursed.

STEP 6: CITY OF LOS ANGELES' EARTHQUAKE RECYCLING PROGRAM³

Example: After the Northridge earthquake in 1994, the City of Los Angeles negotiated with FEMA to receive reimbursement for recycling activities. The City, state OES, and FEMA agreed upon a Damage Survey Report (DSR) with a scope of work that included monitoring the recyclable debris and waste generated by the City's Demolition and Debris Removal Program and assisting in the development and implementation of recycling programs. (See Attachment B for a copy of the DSR).

Documentation: The City provided documentation to FEMA that the City had an **existing** policy of recycling to justify spending more than "least cost" if necessary. Take note that this effort took approximately three months to resolve.

Pilot program: To demonstrate to FEMA that recycling was a viable option to disposal of disaster debris, the City established a pilot curbside collection program that lasted from 2/19/94 to 3/20/94.

Identify diversion potential: The pilot was conducted as a means to identify the potential for recycling the curbside debris collected under contract to the Bureau of Engineering by private contractors⁴.

Lost time: The City of Los Angeles estimated that three months had passed before their recycling programs were up and running, which meant that a good deal of recyclable materials were sent to the landfill.

Reimbursement

- Suggestion:** Ensure that your jurisdiction has on record a policy of diverting waste from landfills through recycling or other diversion programs. This can take the form of an ordinance, resolution, a debris management plan, or actions taken to implement diversion programs, etc.
- Check with OES:** Coordinate with your OES contact to determine the specific documentation FEMA requires for reimbursement of diversion or recycling programs that cost more than "least cost" as FEMA policies can change and can differ from previous disasters.
- City of L.A. documentation:** Also included in Attachment A is a copy of a letter to FEMA from the City of Los Angeles providing backup documentation to demonstrate local/state/federal policies that give preference to recycling as a waste management strategy for Los Angeles.

STEP 7: PAYMENT⁵

Table: The table below shows the payment federal and state cost shares:

Federal Share	
Small Project DSRs	OES will automatically issue 100% of the federal share for small project DSRs.
Large Project DSRs	To receive payment for large project DSRs, you must complete the Request for Reimbursement (OES Form 131). You can receive reimbursement for up to 75% of the federal share large project DSRs. The remaining 25% will be withheld until final inspection.
State Share	
	Upon completion and submittal of the OES Form 96 and the NDAA Form 3, you will receive payment for not less than 75% of the state share of your approved DSRs. (The state share is 25% of the total cost of the project).

Small projects: Regarding Small Project DSRs, per Code of Federal Regulations (CFR) 44 Section 206.203, the threshold dollar amount differentiating small from large projects varies with disasters since it is adjusted annually to reflect changes in the Consumer Price Index for All Urban Consumers published by the Department of Labor.

Example: For the 1995 Winter Storms, an individual project was designated a small project if costs were less than \$43,600.

Large projects: Regarding Large Project Damage Survey Reports, the withholding varies according to the Federal-State Agreement for each disaster. For example, for the Northridge Earthquake, only 10% of the Federal Share was withheld.

Reimbursement

Required forms⁶: Local governments and special districts must submit the following forms to receive payment:

Federal Public Assistance Program Forms	State Natural Disaster Assistance Act (NDAA) Program Forms
<ul style="list-style-type: none">◆ Designation of Applicant's Agent Resolution (OES Form 130)◆ Project Application for Federal Assistance (OES Form 89)◆ Vendor Data Record (Form STD 204) - This form should be completed using the private non-profit organization's address and corporate identification number.◆ Request for Reimbursement (OES Form 131) - For large project DSRs.	<ul style="list-style-type: none">◆ Exhibit D - Applicant Approval Form for Natural Disaster Assistance (OES Form 96)◆ Request for Advance of Funds State NDAA Program (NDAA Form 3 - OES Form 125)

STEP 8: ESTABLISHING A SPECIAL TRUST FUND⁷

- Background:** Once the County project application has been accepted, DSR's approved, and funds obligated by FEMA, OES will authorize reimbursement for actual expenditures on approved DSRs only.
- Large projects:** For large projects OES initially pays out 90% of the 75% federal share to cities and counties, and 75% of the 75% Federal share for state agencies, special districts and eligible private non-profits.
- Small projects:** Small project DSRs are paid in full after DSR approval. In general, the amount will be 100% of FEMA's 75% share of the total approved amount.
- Board action:** Prior to the funds arrival, the County shall establish by action of the Board of Supervisors a special disaster trust fund for deposit and disbursement of disaster funds.
- State OES always requires funds to be in an "non-interest bearing" fund.
- Trust title:** The title of the trust fund shall include the established disaster FEMA number, i.e., DR 677, DR 651, etc. Using this format allows quick reference as to which disaster the monies are for, rather than using titles such as Jones Tract Levee, or other titles, which could be used several years in a row.
- Advancing funds the to departments:** Expenses to date will be advanced providing the department produces full documentation. (Advances can be made at different stages of the project.) This will alleviate the problem of a bad audit trail.

Reimbursement

An entry is developed by the Auditor's Office for each trust fund in order to keep track of the number of invoices paid, to whom paid, invoice number, and category number. This entry allows document search in the final audit.

County

disbursement:

The County Auditor-Controller will disperse funds from the Special Trust Fund when the County Local Agent (OES) has reviewed the records of the completed work and is satisfied that all supporting documentation is available. The Local Agent may request a County auditor to assist in the document review.

Single audit act:

The Auditor-Controller Office will send an annual "account activity" report to fill out. This report is an overview of the amount of fiscal activity from the trust fund. The report is part of the overall County Single Audit Act report that FEMA requires.

ATTACHMENTS

- A. Listing of OES Regional Offices
- B. Los Angeles Earthquake Recycling efforts
 - ◆ summary memo dated 4/18/94
 - ◆ Table 1A showing tonnage to recycling facilities and % recycled at those facilities as of 6/7/94
 - ◆ 2/10/94 and 2/11/94 internal memos used to brief OES/FEMA staff regarding existing policy of recycling to justify spending more than least cost if necessary
 - ◆ Damage Survey Report written by OES agreeing to training - implementation - monitoring costs for recycling programs

REFERENCES

- ◆ Disaster Recovery Public Assistance Applicant Packet for Local Government and Special Districts, Governor's Office of Emergency Services

ENDNOTES

1. Disaster Recovery Public Assistance Applicant Packet for Local Government and Special Districts, Governor's Office of Emergency Services.
2. Federal Aid in Disasters, FEMA
3. City of Los Angeles Northridge Earthquake Response Effort, Final Report, Issue No. 7 (9/15/95).
4. Ibid.
5. Disaster Recovery Public Assistance Applicant Packet for Local Government and Special Districts, Governor's Office of Emergency Services.
6. Ibid.
7. San Joaquin County Disaster Recovery Manual, rev. 8/95.