May 2, 2003

MEMORANDUM

TO: Local Mitigation Strategy Working Group Chairperson
FROM: Frank Koutnik, Chief, Bureau of Recovery and Mitigation
SUBJECT: FEMA Benefit Cost Analysis Workshop

The purpose of this memo is to give you a heads-up regarding the new Pre-Disaster Mitigation Program and notify you of the dates of three FEMA sponsored workshops on conducting a benefit/cost analysis, which of necessity will become a local responsibility under this program.

As discussed briefly during our recent local mitigation planning workshops, there has been a shift in Federal budgetary support from the Hazard Mitigation Grant Program (HMGP) to the Pre-Disaster Mitigation Program (PDM). In the current federal budget (FY 02-03), funding for HMGP has been reduced by 50% and PDM has been increased from $25 million to $150 million. In the next federal budget (FY 03-04), PDM is scheduled to increase to $300 million and HMGP reduced to $0.

Coverage by a FEMA approved Local Mitigation Strategy (LMS) is not required for an applicant to apply for PDM project grants under the current $150 million appropriation. However, coverage by a FEMA approved LMS will be a requirement to apply for the next round (the proposed $300 million in FY 03,04).

Under the rule implementing the Disaster Mitigation Act of 2000 (DMA2K), eligibility to apply for both programs would be suspended on 1 November 2003 for applicants not covered by a FEMA approved LMS. This suspension would remain in effect until their LMS was approved. Shortly thereafter, however, the rule was amended to extend the suspension date for eligibility for HMGP by one year to 1 November 2004. The PDM program did not receive an extension.

Therefore, after 1 November 2003, a community not covered by an approved LMS may still apply for HMGP, but are suspended from applying for the FY 03,04 cycle of the PDM Program until their LMS is approved. The kicker is that, as mentioned above, the federal budget projection for HMGP is $0 in FY 03,04 and the PDM Program is scheduled to go to $300 million. In addition, the Administration is proposing to merge Memorandum

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the Flood Mitigation Program (FMA), an annual mitigation program aimed at flood-prone properties, into the PDM Program.

The current ($150 million) PDM program will be accepting applications shortly and as the application period will be quite short, closing before 1 November 2003, it will be open to all eligible applicants seeking grants for hazard mitigation projects meeting the HMGP criteria and identified in their LMS, regardless of whether or not the LMS is FEMA approved. The notice of availability and program guidance for the FY 02-03 PDM Program has not yet been published, but I have attached a recent program overview that describes the program.

Florida’s current HMGP application form meets the project information requirements of the Pre-Disaster Mitigation Program. We will modify it to ensure provision is made for any other selection criteria once the program guidance is published.

The benefit/cost analysis will be a major component of the ranking. Under HMGP, it is conducted by our office and by FEMA for many other states. However, under an open-ended program such as PDM where there are no limits to the number of applications that may be submitted, neither the state nor FEMA have the resources to conduct the B/C analysis. Therefore, under the PDM Program, the local applicant will be responsible for providing a benefit/cost analysis with the project application.

While there are many approaches to conducting a B/C Analysis, FEMA has indicated they will give preference in their ranking for their full data module and are providing the following three Florida workshops on the basics of conducting a benefit/cost analysis, as well as how to use FEMA’s benefit/cost analysis module:

- May 22 & 23, 2003 – State EOC in Tallahassee;
- June 3 & 4, 2003 – Miami-Dade EOC, Miami;
- June 17 & 18, 2003 – Orlando EOC, Orlando

Each workshop runs for two days; the times for each day are from 9:00am to 5:00pm. Right now FEMA has placed a limit on class size of 35 students and a computer is necessary. We will attempt to have sufficient computers available, but students are welcome to bring a laptop. FEMA will provide the B/C software free of charge and it runs on a Microsoft Office 2000 or newer version of Excel.

This is hands-on training aimed at the individual who will actually conduct the B/C Analysis. FEMA recommends an engineering background or knowledge of building

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Communities are encouraged to send staff for training to provide the analysis to their applicants and Regional Planning Councils may want to consider having trained staff capable of providing a B/C Analysis perhaps on a fee basis as a service to applicants in their jurisdiction who lack the resources to conduct it for themselves. As space is limited, we recommend you reserve a space as quickly as possible. To do so, E-mail your DEM LMS Liaison (see attached) with: (1) the attendee’s name, agency/organization, job title, background, mailing address, phone number, e-mail address and whether-or-not they intend to use their lap-top.

If you have any questions, please contact the State LMS Liaison for your area (list attached) or Hank Erikson at (850) 413-9873.

cc:   EM Director
      Regional Planning Council Representative

Attachments