

Flood Mitigation Assistance Homeowner Contracting Pilot Program

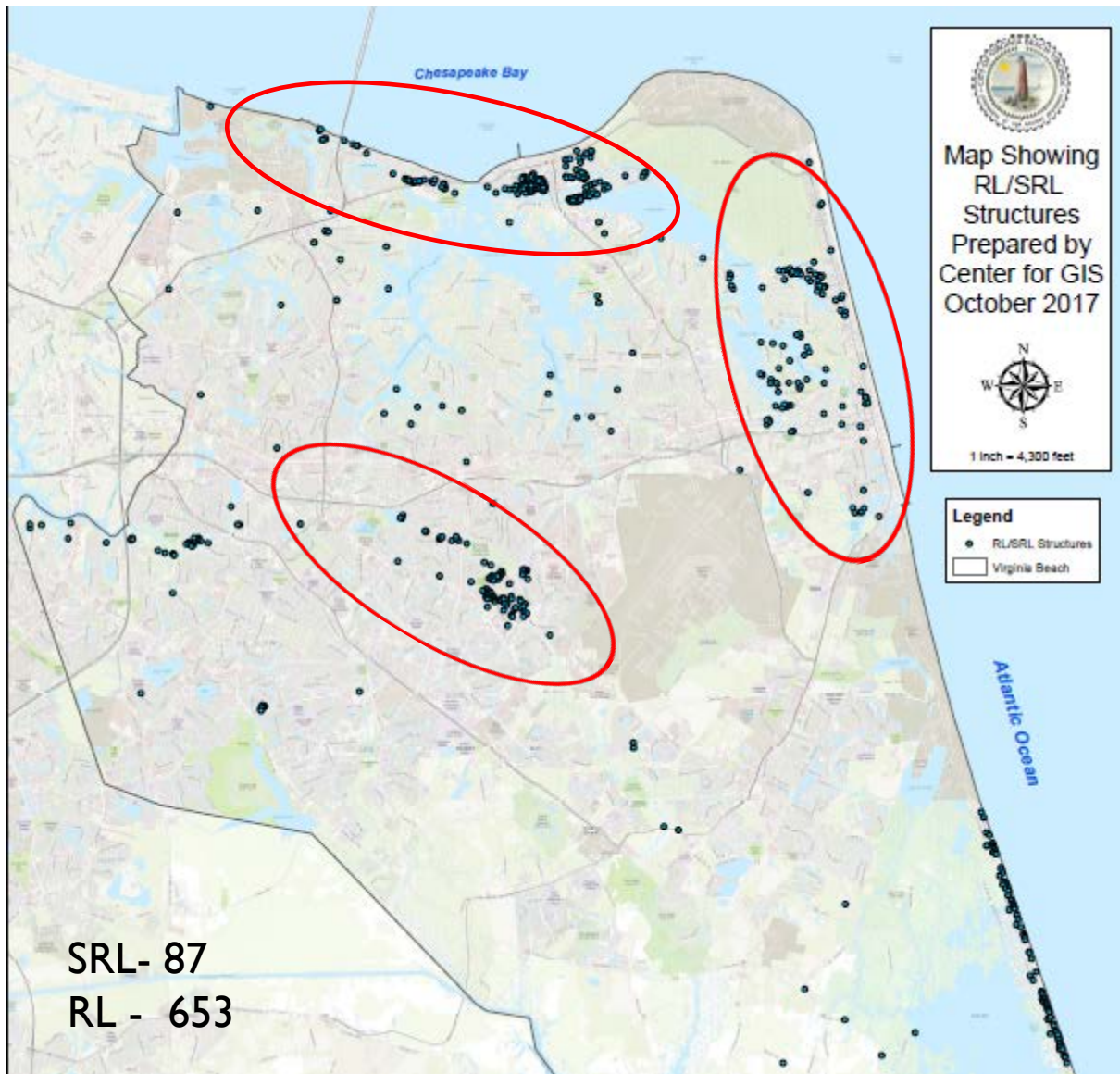
MAY 23, 2019

ASFPM CONFERENCE



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VIRGINIA BEACH PROGRAM HISTORY (SRL 2010)



SF (FP)	Budget	Total Project Cost	Homeowner Share	After ICC
1860	\$198,146	\$182,799	\$18,279	\$0



SF (FP)	Budget	Total Project Cost	Homeowner Share	After ICC
1359	\$158,692	\$204,660	\$43,941	\$13,941



SF (FP)	Budget	Total Project Cost	Homeowner Share	After ICC
1133	\$140,895	\$181,921	\$39,059	\$39,059

CHALLENGES

- Contract is required to be between the City and the contractor. Region III does not allow Tri-Party contracts so as to include the home owner.
- FEMA Region III requires local jurisdiction manage and contract elevation.
 - City must undertake formal bid process in order to procure a contractor to do the work on private property.
 - Adds significant cost to each project
- Only one main contractor is bidding and doing this work in Coastal Virginia. (smaller companies can't bond)

ADDITIONAL ISSUES FOR VIRGINIA BEACH

- The staff time required to manage this project is extensive.
 - Engineers, Site Inspectors, Comptroller, Procurement and Contract Administration, and detailed grant oversight
 - As of 2018, city staff hours for this project have exceeded 4000 hours in the amount of over \$280,000 of salary equivalent.
 - At the end of the grant the City will not recoup anything close to what was committed.

2013 FMA



Property	Footprint	Budget Awarded	Original Bid	Reduced Bid	Rebid – Contractor 1	Rebid – Contractor 2
A	1161	\$ 114,248.82	\$ 339,804.00	\$ 293,164.00	\$ 303,500.00	\$ 395,000.00
B	1495	\$ 141,603.00	\$ 333,111.00	\$ 286,511.00	\$ 286,500.00	
C	1790	\$ 174,854.40	\$ 383,521.00	\$ 333,021.00	\$ 343,500.00	
D	1306	\$ 126,123.90	\$ 366,728.00	\$ 309,528.00		



CITY OF VIRGINIA BEACH DECISION

1. Due to the ongoing lack of bidders for the project and the increasing costs that would be shifted to the homeowners – City of Virginia Beach closes the program. (May of 2017)
 - CVB believes that the biggest reason that we cannot successfully complete this program is due to the contracting mechanism required by FEMA Region III.
2. The elevations that we have completed have been fraught with problems; cracking, settling, old flood damage, etc. and have required the city to continually monitor the properties and expend city funds.



FEMA R-III REACTS (NOVEMBER 2017)

U.S. Department of Homeland Security
Region III
One Independence Mall, 6th Floor
615 Chestnut Street
Philadelphia, PA 19106-4404



FEMA

November 8, 2017

Jeffrey D. Stern, Ph.D.
State Coordinator
Virginia Department of Emergency Management
10501 Trade Court
North Chesterfield, Virginia 23236-3713

Re: Allowing Property Owners to Obtain Contractors to Perform Hazard Mitigation Assistance (HMA) Project Work and Seek Reimbursement

Dear Dr. Stern:

The purpose of this letter is to notify you that FEMA Region III is clarifying whether FEMA has the discretion to approve a sub-recipient's request to use grant funds to reimburse individual property owners who contract for performance of eligible mitigation work on their own homes. There is currently no prohibition in federal law or Hazard Mitigation Assistance (HMA) Guidance that prevents sub-recipients from choosing to allow property owners to secure contractors to implement the project and then reimburse the property owner with grant funds. Recipients and sub-recipients should ensure no state law contains such a prohibition. They should also ensure the property owner does not have his/her own contracting business that might require the application of 2 Code of Federal Regulations (CFR) 200.319-200.326 Procurement Regulations.

With allowing this practice, the recipient and sub-recipient retain their legal obligations for oversight of the grant under applicable program regulations and guidance, and applicable regulations under 2 CFR 200 and 44 CFR Part 13. These require the recipient and sub-recipient to properly monitor, report on, and account for the use of grant funds with documentation showing costs are reasonable, necessary, allowable and allocable. Under the HMA Programs, costs must be cost-effective. HMA's cost benefit analysis is a standard method for determining the reasonableness of project costs.

Also at closeout, the recipient and sub-recipient must ensure that all approved projects were completed and consistent with the grant terms, program requirements, and applicable laws. For elevation projects, FEMA requires that the local government or the sub-recipient certify that the work was done in accordance with federal grant standards, HMA Guidance, Part III, Section E, and complies with National Flood Insurance Program (NFIP) regulations. This requirement would continue should the recipient and sub-recipient choose to allow property owners to secure contractors to implement the project and then seek reimbursement.

Jeffrey D. Stern, Ph.D.
Page 2

If you and your sub-recipients choose to allow property owners to secure contractors to implement HMA projects, you should ensure that allowing the property owners to have a role in performing the project will not compromise proper, efficient implementation of the grant. You should also be aware that FEMA does not currently have plans to provide interim guidance to address program implementation of this policy clarification.

If you have any questions concerning this letter, please contact me at (215) 931-5608 or Janice Barlow, Acting Director, Mitigation Division at (215) 931-5569.

Sincerely,

MaryAnn Tierney
Regional Administrator

cc: Susan Mongold, Deputy State Coordinator
Robert Coates, State Hazard Mitigation Officer
Regeane Frederique, Director, Grants Division (Acting)

FEMA R-III REACTS MEMO KEY POINTS

- There is currently no prohibition in federal law or Hazard Mitigation Assistance (HMA) Guidance that prevents sub-recipients from choosing to allow property owners to secure contractors and implement the project and then reimburse the property owner with grant funds.
- With allowing this practice recipient and sub-recipient retain their legal obligations to oversight under 2 CFR 200 and 44 CFR part 13
- **FEMA does not currently have any plans to provide interim guidance to address program implementation of this policy clarification.**
- The City began working on a process to implement this program in hopes of at least salvaging the remaining grants that had already been awarded. (3 grants for a total of 22 homes)

PROCESS DEVELOPMENT

STEPS

- (Nov 2017) FEMA R-III issues letter allowing grant funding to be used for homeowner selected contractor
- Present to Leadership a new option for salvaging the Home Elevation Program
- Homeowner Meeting to provide Guidelines/Requirements
- City advertises for RFQ (engineers) and factor of RS Means bids (contractors) – 12 contractors, 5 engineers
- Homeowner solicits estimates for design
- Homeowner obtains plans (either revised or new)
- Homeowner solicits Contractor Estimates
- Homeowner submits estimate to City for review to ensure compliance with eligible costs
- Homeowner enters into legal agreement with City for administration of funds only

PROCESS DEVELOPMENT (CONTINUED)

STEPS

- Homeowner enters into contract with their selected contractor
- Contractor follows normal permitting process & calls for all regular
- City conducts all regular and special inspections (normal process)
- City performs and issues final inspections (normal process)
- City issues certificate of occupancy (normal process)
- Homeowner provides all documentation to City for final closeout
- City (OEM) administers funds to homeowners and submits for reimbursement from VDEM/FEMA
- If pilot homes are successful, continue with remaining grant homes (22 in total)

	SF (FP)	Original Budget	Bid #1	Bid #2	Adjusted Budget	Homeowner Bid
A	1161	\$114,248	\$339,804	\$293,164	\$196,000	\$185,202
B	1495	\$141,603	\$333,111	\$286,511	\$210,000	\$215,000
C	1790	\$174,854	\$383,521	\$333,021	\$210,000	\$225,000
D	1306	\$126,123	\$366,728	\$309,528	\$210,000	\$210,000

- In order to increase the budgets two houses were removed from the project. (Homes selected had lowest BCA of the group)
- Switching from pre-determined benefits of under \$175,000 to traditional BCA calculations had to be done
- Adjusted budget was based on engineer determination of foundation type required and maximum funding available (B, C & D all required helical piles)

RESULTS TIMELINE

MILESTONE	DATE
Project Suspended	May 30, 2017
OEM discuss contract options with VDEM and FEMA	June-Nov 2017
FEMA Headquarters issued opinion on contracting	October 2017
FEMA Region III issued letter	November 8, 2017
OEM notified homeowners	November 17, 2017
Homeowner Meeting	December 2017
City OEM working with Legal and Purchasing to ensure legal and procurement compliance and develop pilot process	December 2017- April 2018
Bid process to develop qualified list of engineers/contractors	May 2018
Pilot homes (3) begin working with engineers	June 2018
Home I submits plans/obtains permits, begins construction	August 2018

STEPS FOR HOMEOWNERS

- Contact Engineer/Architect on List- get plans, current EC and Survey
- Provide plans to city for submission to FEMA
- Contact Contractors & obtain estimate
- Provide Estimates from Engineers & Contractor to City
- Meet with City to execute agreement
- Proceed with elevation (contractor will follow all normal permitting processes)
- Notify City at each milestone for verification and payment submission
- At completion provide all invoices, occ cert, sign deed restriction

PILOT PROGRAM SO FAR

- 2 complete (average completion time 4 months)
- 5 actively under construction (2 should close out by the end of May)
- 3 pending plan reviews
- 6 in prep work stages (soil sampling, plan development)
- 6 have not yet started process but are cleared to whenever the homeowner is ready



QUESTIONS?