

FOR IMMEDIATE DISTRIBUTION

SUBJECT: CLARIFICATION OF FEDERAL LEVEE POLICY

The purpose of this memorandum is to clarify the Federal policy on repairing levees in the Midwest. The Corps of Engineers (Corp) and the Soil Conservation Service (SCS) are the principal Federal agencies responsible for repairing levees, the Corps under its Public Law 84-99 program and the SCS under its Emergency Watershed Protection (EWP) program. This memorandum provides background on why the current Corps policies were established, describes the process the two agencies are using to identify levees that are under their respective jurisdiction, addresses eligibility criteria and allowable exceptions for provision of levee rehabilitation funds, and establishes SCS criteria for prioritizing levee rehabilitation funding.

Existing Corps policy resulted in part from an internal Corps review of its practices prior to 1986 in order to bring discipline to the program and to realize the maximum benefits from Federal expenditures. Among the principal findings in the review were (1) a lack of sponsor commitment in fulfilling operations and maintenance requirements subsequent to Federal investments in rehabilitation, (2) recurring rehabilitation at Federal expense of levees not meeting minimal engineering standards, (3) recognition of the difficulties associated with determining, after a flood event, the level and adequacy of levee maintenance that existed prior to the flood, and (4) issues related to state and local government floodplain management prerogatives. As a result

of the review in 1986, the Corps proposed rules to overcome identified shortcomings in the program. The rules clearly established the Corps' intent to develop a program that ensured levees accepted into the active inventory met minimal standards. A public sponsorship requirement addressed the need for a financially viable public sponsor so as to ensure proper stewardship of the Federal investment and proper consideration of state and local floodplain management prerogatives. Based on numerous comments received during the comment period for the proposed rules, the Corps allowed a two-year grace period from the implementation date of the new rules for levees to obtain public sponsorship. This grace period ended July 15, 1988.

In 1986, the Corps and the SCS signed a Memorandum of Agreement (MOA) which outlined how the two agencies would delineate responsibility for repair of levees. The agencies agreed as a general principle that the Corps would be responsible for repairing levees with contributing drainage areas of 400 square miles or greater. The SCS would handle levees with drainage areas of less than 400 square miles. To ensure proper implementation of this part of the MOA, appropriate Corps and SCS officials in each state are identifying the geographic delineation of Corps and SCS areas of responsibility. The 400 square-mile criterion will be used as a guide, but will be adjusted where it is prudent to do so. Should the local Corps and SCS officials not agree on a delineation, the case will be forwarded to agency headquarters officials for resolution. In a few cases, this delineation will result in levees classified by the Corps as "active" in its P.L. 84-99 program being

located in an area of SCS responsibility.

LEVEE REPAIR POLICY IN CORPS OF ENGINEERS GEOGRAPHIC AREAS

Corps policy, as established in 1986, requires that levee sponsors be active participants in the Corps program at the time of a disaster event in order to be considered for eligibility for assistance to repair the levees. An active status means that the Corps has inspected the levee and has accepted the levee into its program, or, that the levee sponsor has requested an inspection prior to occurrence of the disaster event. Active status does not guarantee repair -- the Corps also requires that the benefits from the repair will exceed the costs and that repairs can be undertaken in full compliance with environmental laws. In addition, locally constructed levees must be cost-shared with a 20 percent non-federal share. The SCS will not fund the repair of any levee within the geographic areas under Corps jurisdiction.

In 1986, the Corps informed levee sponsors of its PL 84-99 program eligibility requirements and invited them to apply for participation in the program. Many sponsors responded to the Corps invitation and levees were placed in the active status based on field inspections conducted by Corps personnel. Many other sponsors did not respond. As a result of the Midwest Flood of 1993, many sponsors in this latter group have asked the Corps to repair their levees. These levees are not eligible for Corps assistance and they are ineligible for other Federal funding in accordance with current FEMA, Corps, and SCS policy, with two exceptions:

-The first exception is when the levee protects critical public infrastructure (e.g., major roads, water or wastewater treatment plants, power stations) that are at risk behind ineligible levees. In this case, FEMA will fund the levee repair.

-The second exception applies when the levee was constructed after 1986, the Corps has no record of official notification to the levee sponsor of the Corps eligibility requirements, the levee sponsor can demonstrate that the levee has been properly maintained, and the levee sponsor meets all other Corps eligibility requirements. In this case, the levee would be given the same consideration as if it had been in active status before the flood.

LEVEE REPAIR POLICY IN SOIL CONSERVATION SERVICE GEOGRAPHIC AREAS

Levees will be eligible for SCS's EWP when there is a potential for loss of life or property without the repairs; the benefits associated with repairing the levee exceed the cost of levee repairs and other levee-dependent cost -- cropland restoration, facilities repairs, and structure repairs -- that should occur only if the levee is rebuilt; and, the levee owner agrees to meet SCS's eligibility requirement for engineering and maintenance. Eligibility for the EWP does not guarantee that the repairs will be funded.

Funds available to repair levees are not sufficient to repair all levees that are eligible for SCS assistance. Therefore, the SCS will use the following criteria to prioritize levees they will repair: (1) type of property protected by the levee, (2) past performance of sponsors, (3) past record of operations and maintenance, (4) environmental impact, and (5) local rules and regulations. FEMA may fund levees within SCS's geographic area of jurisdiction only in cases that meet the requirements of the first exception mentioned above (i.e., the levee protects critical public

infrastructure and is ineligible for SCS assistance).

In a small number of cases, levees in the SCS's geographical areas have been retained in the active status of the Corps' PL 84-99 program. These levees will be treated as if they were in the Corps' areas. They will be rebuilt by the Corps if the benefit-cost and environmental compliance tests are met. If the Corps determines that they are not eligible for PL 84-99 assistance, they will not be repaired by any other agency, unless they meet the requirements of the first exception.

FEMA'S LEVEE REPAIR POLICY

FEMA will repair only those levees that protect critical infrastructure and are ineligible for assistance under the Corps or SCS programs.

At the appropriate place in title VIII, insert the following new section:

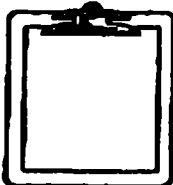
SEC. 8____. Notwithstanding any other provision of law (including any regulation), with respect to the public sponsor of a primary levee located in the area that was affected by major, widespread flooding in the Midwest during 1993, the eligibility of the public sponsor of the levee to receive assistance through the levee rehabilitation assistance program of the Army Corps of Engineers shall not be affected by the status of participation (or lack of participation) of the public sponsor in the program. A public sponsor of a levee who becomes eligible to receive assistance under the program pursuant to the preceding sentence may, not later than September 30, 1994, submit an application to participate in the program. Subject to availability of funds, assistance will be provided only in those cases where the public sponsor can demonstrate: financial capability; the levees otherwise meet Corps criteria for operation, maintenance, and design; and the repairs are economically justified. Of the amounts made available to the Secretary of the Army to provide assistance through the levee rehabilitation assistance program, not more than \$50,000,000 may be used to provide assistance to public sponsors who become eligible to receive assistance pursuant to this section. The non-Federal share of the cost of a levee rehabilitation project for which assistance is made available pursuant to this section shall be lands, easements, rights of way, and 25 percent of the cost of construction. The Federal assistance for a levee rehabilitation project shall be provided on the condition that the non-Federal share of the project shall be paid from non-Federal sources, in cash, and the public sponsor agrees in writing that any future assistance will be contingent on continued participation in the Corps program.



Facsimile Header Sheet

Sender <i>Gen Genega</i>	Sender's Office Symbol CECW-Z	Sender's Phone Number (202)272-	Sender's Fax Number (202)272-8992
Receiver <i>Cathy Way</i>	Receiver's Office Symbol	Receiver's Phone Number	Receiver's Fax No. <i>202-456-7028</i>

MESSAGE:



DRAFT/PSC/FEMA

Contacts: Scott Saunders (Corps of Engineers) : (202) 272-0012
Jody Jaeger (USDA): (202) 720-9933
Morrie Goodman (FEMA): (202) 646-4600

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**SUMMARY: MOST CRITICAL MIDWEST LEVEE REPAIRS
COMPLETED PRIOR TO CURRENT FLOODING
DESPITE ADVERSE CONDITIONS DURING RECONSTRUCTION**

WASHINGTON --- Current flooding conditions that exist in the Midwest due to this past week's weather system which dumped significant amounts of rainfall on the region have affected a few of the levees that have been rebuilt or were in the process of being rebuilt.

Despite the heavy rains and flash flood conditions, the majority of the cities and towns that were flooded last year are safe and secure, with only scattered problems occurring. For example, the Len Small levee in Illinois, which was repaired by SCS and FEMA, affecting 40 people in Millers City.

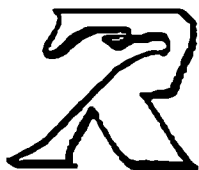
A few other levees show potential for giving way, but forecasts of favorable weather conditions over the next couple of days have lessened the threat to them.

Federal officials are working with local and state personnel in assessing the needs which this current round of flooding has created.

With regard to levee repairs made since last summer, there has been substantial progress made to date. Federal officials from agencies responsible for maintaining federal levees in the Midwest say they successfully overcame severe weather and soil conditions during the past year to complete repairs to the most critical federal levees in the region.

In many locations, both the Corps of Engineers (COE) and the Soil Conservation Service (SCS) were prevented from reaching levee repair sites by high water. As floodwaters receded, inspection teams were able to assess the damage and plan repair strategies, implementation of which was frequently delayed by the severe cold winter weather which affected much of the country this past season. Wet soil conditions further complicated the levee reconstruction process in places.

FACSIMILE TRANSMITTAL HEADER SHEET

HEADQUARTERS UNITED STATES ARMY
CORPS OF ENGINEERSREADINESS BRANCH
NATURAL DISASTER PLANS AND POLICY SECTION
CECW-OE-D

COMMAND/ OFFICE	NAME/ OFFICE SYMBOL	OFFICE TELEPHONE NO.	FAX NO.
FROM: USACE READINESS BRANCH	ROB GRUBBS CECW-OE-D	(202) 272-0251	(202) 504-4150
TO: SCS <i>Karl Otte</i>	LARRY BABICH	720-9482	690-1462
CLASSIFICATION UNCL	PRECEDENCE R	NO. PAGES (INCLUDING THIS HEADER) 3	DATE-TIME 1430 7AP
		MONTH	YEAR
			RELEASERS SIGNATURE <i>Rob Grubbs</i> ROB GRUBBS

REMARKS

Larry/Karl Otte,

Re: Our phone call earlier this afternoon.

Attached is a chart with accompanying explanation of the Corps process for getting levees repaired. Pls review, and indicate steps that you eliminate, combine, or do much quicker than the Corps. Handwritten changes on the bar chart will suffice if there is enough room.

I need this by Monday afternoon at the absolute latest. Thanks for your help.

Rob

Post-It™ brand fax transmittal memo 7671		# of pages 3
To <i>Karl Otte</i>	From <i>Karl Otte</i>	
Co.	Co.	
Dept.	Phone # <i>720-3527</i>	
Fax # <i>456-7028</i>	Fax #	

1993 FLOOD

AVERAGE LEVEE PROJECT TIME LINE (DESCRIPTION OF CONTENTS)

(NOTE: DURATION REPRESENTS AN AVERAGE OF SIX TYPICAL PROJECTS.)

- ASSISTANCE REQUESTED FROM SPONSOR
- (1) MOBILIZATION OF DISTRICT ASSETS
- (2) INCLUDES FIELD SURVEY AND FIELD REPORT
- (3) PROJECT INFORMATION REPORT (PIR) INCLUDES FONSI, ECONOMIC ANALYSIS, SPONSORSHIP CERTIFICATION, ELIGIBILITY REVIEW
- (4) PROJECT COOPERATION AGREEMENT (PCA) - SPONSORS WORK-IN-KIND IDENTIFICATION OR CASH CONTRIBUTION (20%)
- (5) INCLUDES PREPARATION OF PLANS AND SPECIFICATIONS, REPRODUCTION, SITE VISIT, BIDDERS PROPOSAL PREP TIME
- (6) INCLUDES RECEIPT OF CONSTRUCTION FUNDS, CERTIFICATION OF CONTRACTOR BONDING, LEGAL REVIEW, PRICE REASONABLENESS AND BID REVIEW
- (7) SPONSOR BEGINS PROCESS UPON APPROVAL, ROW REQUIRED PRIOR TO AWARD

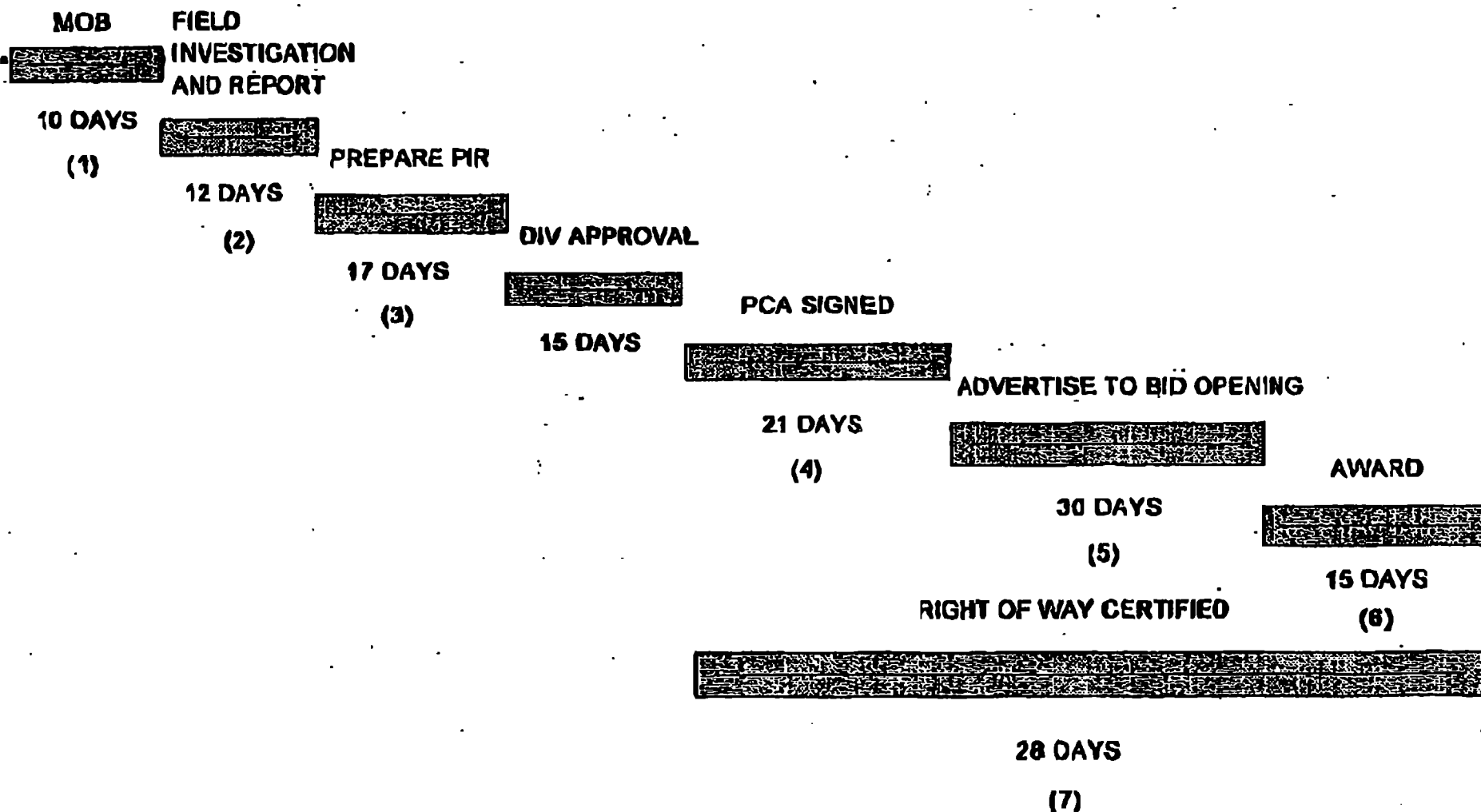
04/14/94 10:17 202 680 1482
04/07/94 14:23 202 504 4150
APR 06 '94 18:11 CERD/COE

USDA SCS WPD
CECW-OE & OE-D

002/003
002/003
P.5/8

1993 FLOOD

AVERAGE LEVEE PROJECT TIME LINE



04/14/94 10:17
02/07/94 14:23
APR 06 '94 18:10 CERD/CO/E

USDA SCS WPD
CECW-OE & OE-D

003/003
003/003
P.4/B

SUBJECT: Memorandum for General Distribution: Restatement of
Federal Levee Policy

Purpose

The Purpose of this memorandum is to clarify the Federal policy on repairing levees in the Midwest. The Army Corps of Engineers (Corps) and the Department of Agriculture Soil Conservation Service (SCS) are the principal Federal agencies responsible for repairing levees, the Corps under its Public Law 84-99 program and the SCS under its Emergency Watershed Protection (EWP) program. This memorandum provides background on why the current Corps policies were established, describes the process the two agencies are using to identify levees that are under their respective jurisdiction, addresses eligibility criteria and allowable exceptions for provision of levee rehabilitation funds, and establishes SCS criteria for prioritizing levee rehabilitation funding.

Corps Policy

Existing Corps policy resulted in part from an internal Corps review of its practices prior to 1986. Among the principal findings in the review were:

- a lack of sponsor commitment in fulfilling operations and maintenance requirements subsequent to Federal investments in rehabilitation,
- recurring rehabilitation at Federal expense of levees not meeting minimal engineering standards,
- recognition of the difficulties associated with determining, after a flood event, the level and adequacy of levee design and maintenance that existed prior to the flood, and
- issues related to state and local government floodplain management prerogatives. As a result of the review in 1986, the Corps proposed rules to overcome identified shortcomings to bring discipline to the program and insure minimum benefits from Federal expenditure. The rules clearly established the Corps intent to develop a program that ensured levees accepted into the active inventory met minimal standards. A public sponsorship requirement addressed the need for a financially viable public sponsor so as to ensure proper stewardship of the Federal investment and proper consideration of state and local floodplain management prerogatives. Based on numerous comments received during the

comment period for the proposed rules, the Corps allowed a two-year grace period from the implementation date of the new rules for levees to obtain public sponsorship. This grace period ended July 15, 1988.

Delineation

In 1986, the Corps and the SCS signed a Memorandum of Agreement (MOA) which outlined how the two agencies would delineate responsibility for repair of levees. The agencies agreed as a general principle that the Corps would be responsible for repairing levees with contributing drainage areas of 400 square miles or greater. The SCS would handle levees with drainage areas of less than 400 square miles. To ensure proper implementation of this part of the MOA, appropriate Corps and SCS officials in each state are identifying the geographic delineation of Corps and SCS areas of responsibility. The 400 square-mile criterion will be used as a guide, but will be adjusted where it is prudent to do so. Should the local Corps and SCS officials not agree on a delineation, the case will be forwarded to agency headquarters officials for resolution. The SCS will not fund the repair of any levee within the geographic areas under Corps jurisdiction.

Levee Repair Policy in Corps of Engineers Geographic Areas.

Corps policy, as established in 1986, requires that levee sponsors be active participants in the Corps program at the time of a disaster event in order to be considered for eligibility for assistance to repair the levees. An active status means that the Corps has inspected the levee and has accepted the levee into its program, or, that the levee sponsor has requested an inspection prior to occurrence of the disaster event. Active status does not guarantee repair -- the Corps also requires that the benefits from the repair will exceed the costs and that repairs can be undertaken in full compliance with environmental laws. In addition, locally constructed levees must be cost-shared with a 20 percent non-federal share. These requirements are identified in the Corps Engineering Regulation 500-1-1.

In 1986, the Corps informed levee sponsors of its PL 84-99 program eligibility requirements and invited them to apply for participation in the program. Many sponsors responded to the Corps invitation and levees were placed in the active status based on field inspections conducted by Corps personnel. Many other sponsors did not respond. As a result of the Midwest Flood of 1993, many sponsors in this latter group have asked the Corps to repair their levees. These levees are not eligible for Corps assistance and they are ineligible for other Federal funding in accordance with current FEMA, Corps, and SCS policy with two exceptions:

- the first exception applies when the levee was constructed after 1986, the levee sponsor can demonstrate that the

levee has been properly maintained and the levee sponsor meets all other Corps eligibility requirements- in this case the levee would be given the same consideration as if it had been in active status before the flood;

- the second exception is when the levee protects critical public infrastructure (e.g., major roads , and water and wastewater treatment plants) that are at risk behind levees that were ineligible for the Corps program because of lack of public sponsorship provided that the levee would otherwise meet the requirements of the Corps' program: in this case, the levees will be repaired using funds made available from the Economic Development Administration (EDA) under its Emergency authority (details are covered below).

Levee Repair Policy in Soil Conservation Service Geographic Areas.

Levees will be eligible for SCS's EWP when there is a potential for loss of life or property without the repairs; the benefits associated with repairing the levee exceed the cost of levee repairs and other levee-dependent costs -- cropland restoration, facilities repairs, and structure repairs -- that should occur only if the levee is rebuilt; and, the levee owner agrees to meet SCS's eligibility requirements for engineering and maintenance. Eligibility for the EWP does not guarantee that the repairs will be funded.

Funds available to repair levees are not sufficient to repair all levees that are eligible for SCS assistance. Therefore, the SCS will use the following criteria to prioritize levees they will repair;

- type of property protected by the levee,
- past performance of sponsors,
- past record of operations and maintenance,
- environmental impact, and
- local rules and regulations.

In a small number of cases, levees in the SCS's geographical areas have been retained in the active status of the Corps PL 84-99 program. These levees will be treated as if they were in the

Corps areas. They will be rebuilt by the Corps if the benefit-cost and environmental compliance tests are met. If the Corps determines that they are not eligible for PL 84-99 assistance, they will not be repaired by any other agency.

EDA Funding and Repair Policy:

In some cases, levees within the Corps geographic area are ineligible to receive assistance because of lack of participation by a public sponsor prior to the 1993 Midwest flood. In those cases, if it is determined that the levee protects critical public infrastructure, it will be eligible for assistance from EDA, provided also that:

- a public sponsor is identified and can demonstrate sufficient financial capability to comply with the requirements of this section;
- the levee otherwise meets the requirements of the rehabilitation program established by the Corps for operation, maintenance, and design;
- the benefits derived from repair or reconstruction exceed the repair costs; and
- the public sponsor agrees to include its levee in the Corps program and enters into a written agreement acknowledging that future Federal assistance will be conditional upon complying with the terms of the Corps Levee Assistance Program and participation in the program. Future assistance would be provided through the Corps of Engineers PL 84-99 Emergency program).

In carrying out this program, EDA will coordinate with the Corps to assure that the levee meets all necessary Corps criteria and that future eligibility in the Corps program can be maintained. The final decision as to whether or not a levee will be repaired under this program will be solely that of EDA.

The non-Federal share of the cost of a levee rehabilitation project for which assistance is made available by EDA shall be:

- to provide all lands, easements, rights-of-way, borrow areas and dredged material disposal areas necessary for the project; and
- to provide 25 percent of the costs of construction of the project of which 5 percent of such costs shall be paid in cash, or cash equivalent (as opposed to in-kind services) from non-Federal sources.

Not more than \$18 million will be made available from funds provided to EDA under the Emergency Supplemental Appropriations (P.L. 103-75) for this purpose. In order to assure that all

interested applicants are given an equal chance to be considered, EDA will accept applications for assistance through December 20, 1993. If the total estimated cost of all applications exceeds \$18 million, it will be necessary to prioritize the work. Prioritization will be based on the nature of the public infrastructure protected and the degree to which the levee repair meets the economic objectives of EDA.



Mike Espy
SECRETARY OF
AGRICULTURE

MIDWEST FLOOD RECOVERY

INTERAGENCY TASK FORCE

James L. Witt
DIRECTOR, FEDERAL
EMERGENCY MANAGEMENT
AGENCY



FLOODPLAIN MANAGEMENT • COMMUNITY REDEVELOPMENT • ENVIRONMENT • HEALTH • AGRICULTURE PRODUCTION • TRANSPORTATION

Morrie Goodman (202) 646-4600
Scott Saunders (202) 272-0012
Jeff Anliker (202)

ADMINISTRATION ANNOUNCES ADDITIONAL \$18 MILLION FOR LEVEE REPAIR IN THE MIDWEST

WASHINGTON, Nov. 19 -- The Federal Interagency Task Force on Midwestern Flood Recovery announced today that up to \$18 million in additional assistance will be available for levee repair in the Midwest.

The announcement came in conjunction with a clarification of the federal levee policy and expands federal participation to include the Economic Development Administration (EDA). The Army Corps of Engineers (Corps) and the Soil Conservation Service (SCS) are the other federal agencies involved in levee repair.

In some cases, levees within the Corps' geographic area are ineligible to receive assistance because of lack of participation by a public sponsor prior to the 1993 Midwest flood. In those cases, if it is determined that levees otherwise ineligible for federal assistance, protects critical public infrastructure, it will be eligible for assistance from the EDA under the following conditions:

--a public sponsor is identified and can provide all lands easements, rights-of-way, and dredged material disposal areas necessary for the project;

--the sponsor can provide 25 percent of the costs of construction of the project of which 5 percent must be paid in cash or cash-equivalent (as opposed to in-kind services) from non-Federal sources.

--the sponsor agrees to include its levee in the Corps program and enters into a written agreement acknowledging that future Federal assistance will be conditional upon the sponsor's continued participation in the program.

In carrying out this program, EDA will coordinate with the Corps of Engineers to assure that the levee meets all necessary Corps criteria and that future eligibility in Corps programs can be maintained. The final decision as to whether or not a levee will be repaired under this program will be solely that of EDA.

The Corps has general authority on levees with drainage areas of more than 400 square miles. The Soil Conservation Service (SCS) has general authority for levees with drainage area of less than 400 square miles.

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Levees are eligible for repair under the SCS's Emergency Watershed Protection (EWP) program when there is a potential loss of life or property if the repairs are not done; the benefits associated with repairing the levee exceed the cost of levee repairs and other levee-dependent costs (such as cropland restoration, facility repairs, and structure repairs) that should occur only if the levee is rebuilt; and the levee owner agrees to meet SCS's eligibility requirements for engineering and maintenance.

Eligibility, however, does not guarantee that the levee will be repaired. SCS will use the following criteria to prioritize levees:

- type of property protected by the levee
- past performance of sponsors
- past record of operations and maintenance
- environmental impact, and
- local rules and regulations.

In a small number of cases, levees in the SCS's geographical areas have been retained in the active status of the Corps Public Law 84-99 program. These levees will be treated as if they were in the Corps area. If the Corps determines that they are not eligible for PL 84-99 assistance, they will not be repaired by any other agency.

While this announcement only addresses levee repair, the Interagency Task Force on the Midwest Flood Recovery continues to work on policies and programs that will help the flood victims through this tragedy.

This policy clarification is a result of cooperation between federal and state agencies and was encouraged by Missouri Governor Mel Carnahan and other members of the Midwest congressional delegation.

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Attachment

DEPARTMENT OF COMMERCE

Economic Development Administration

[Docket No.]

Federal Levee Repair Policy Under
Economic Development Assistance Program
for Disaster Relief Activities Under
Public Law 103-75, Chapter I

AGENCY: Economic Development Administration (EDA)
Department of Commerce

ACTION: Notice of Requests for Preapplications.

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SUMMARY: The Economic Development Administration (EDA) is announcing that on December 20, 1993, it will begin receiving requests for assistance through grants to non-Federal facilities for levee repairs in accordance with the Supplementary Notice in 58 FR 54008, October 1993, as part of its economic recovery assistance program for the Midwest Floods of 1993. Requests in accordance with criteria set forth herein for levee repairs which are needed to protect critical public infrastructure will be received until (Insert date -- 30 days after date of publication in Federal Register).

In carrying out this program, EDA will collaborate with the U.S. Army Corps of Engineers (Corps) to assure that the proposed levee repairs will meet all appropriate Corps criteria so that levees repaired under this notice will be eligible in the future for participation in the Corps' program of Emergency Levee Repairs under P.L. 84-99. The final decision as to whether or not a levee will be repaired under this notice will be solely that of EDA.

DATES: This policy is effective immediately. The deadline for submitting requests for preapplications is (Insert date -- 30 days after date of publication in Federal Register).

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SUPPLEMENTARY INFORMATION:

Funding Availability

Funds up to \$18 million are available for this levee repair program. These funds are provided from the \$200 million for emergency expenses that was appropriated under Public Law 103-75 and will remain available until September 30, 1995.

Grant Rates

The Federal grant rate shall not exceed 75 percent. The non-Federal share of the cost of a levee rehabilitation project for which assistance is made available by EDA shall be:

- to provide all land, easements, rights-of-way, and dredged material disposal areas necessary for the project; and
- to provide 25 percent of the costs of construction of the project of which at least 5 percent shall be paid in cash.

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Funding Instrument

Funds will be available as grants in accordance with the requirements of Title I, Title IV, or Title IX of the Public Works and Economic Development Act of 1965, as amended (Public Law 89-136; 42 U.S.C. 3121 et. seq.) (PWEDA). The appropriate title for grant application and award will be determined by EDA based on the nature of the project and the eligibility of the area.

Eligible Applicants

Eligible applicants include any of the states or political subdivisions thereof, including municipalities and quasi-public corporations and authorities, Indian tribes, and nonprofit corporations representing an EDA designated area or part thereof located in areas affected by the Midwest Floods of 1993.

Eligibility Criteria

Levees which are within the Corps' geographic area of responsibility (i.e., contributing drainage areas of 400 square miles or greater) that were ineligible to receive assistance because of the lack of participation by a public sponsor prior to the Midwest Floods of 1993, will be eligible for assistance from

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EDA, provided that:

- it is demonstrated that the levee protects "critical" public infrastructure;
- a public sponsor is identified that can demonstrate sufficient financial capability to comply with the requirements of this section;
- the levee rehabilitation program otherwise meets the requirements established by the Corps for design, operation, maintenance;
- it is demonstrated that the benefits derived from repair or reconstruction of the levee will exceed the repair costs; and
- the public sponsor agrees to include its levee in the Corps' program and enters into a written agreement acknowledging that future Federal assistance will be conditional upon the public sponsor's continued participation in the program (future assistance will be forthcoming under the Corps' P.L. 84-99 Emergency Levee Program).

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-- the proposed work consists primarily and essentially of repairs to an existing levee.

Project Selection Criteria

It is anticipated that the funds announced herein for repairing levees may not be sufficient to repair all the levees for which requests are received. EDA will use the following criteria to select the levees to be repaired: (1) the critical nature of the infrastructure protected by the levee, (2) environmental impact, (3) past performance of the applicant regarding operation and maintenance of the existing levee, (4) the applicant's ability to ensure proper and efficient administration of the levee rehabilitation project and of satisfactory operation and maintenance of the levee in accordance with standards established by the Corps, (5) the feasibility of the project, cost and other factors considered, (6) the potential the project has for assisting in the long-term rehabilitation of the area, and (7) the extent to which the project will directly or indirectly tend to improve opportunities in the area for the establishment or expansion of industrial or commercial facilities or primarily benefit members of low-income families.

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Other Information

To establish the merits of project proposals, interested parties should contact the EDA Office for the area (see listing below) for a Preapplication, Form ED-101P (SF-424). Requests for assistance shall be submitted directly to the EDA Regional Office that serves the area (see listing below). EDA, working in conjunction and collaboration with the Corps, will screen preapplications to determine whether they can meet the criteria established above before inviting formal applications. After all requests have been screened, EDA will notify the Corps regarding the potential projects for which a site inspection, Damage Survey Report and Cost Benefit Analysis are required.

Following the review of the preapplications and the Damage Survey Reports and Cost Benefit Analysis, EDA will invite those entities whose projects are selected for consideration to submit full applications.

Except as modified herein, application procedures, competitive selection criteria and post approval project implementation information for the applicable assistance are described in the Federal Register of January 11, 1993, (58 FR 3800) announcing EDA's Notice of Availability of Funds for FY 1993.

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FOR FURTHER INFORMATION:

Contact the appropriate Economic Development Representative or
EDA Regional Office listed below:

Denver Regional Office (ND, NE, SD, IA, MO, KS):

Economic Development Administration

Denver Regional Office, Room 670

1244 Speer Boulevard, Denver, CO 80204

Telephone: (303) 844-4714

Denver Region Economic Development Representatives (EDR):

North Dakota

Economic Development Representative: Cornelius Grant

Address: Disaster Field Office

P.O. Box 1911, Bismarck, ND 58501

Telephone: (701) 250-4321

South Dakota and Nebraska

Economic Development Representative: Warren Albertson

Address: Federal Building, Room 219

Pierre, SD 57501

Telephone: (605) 224-8280

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Iowa

Economic Development Representative: Robert Cecil
Address: Federal Building, Room 593A,
210 Walnut Street, Des Moines, IA 50309
Telephone: (515) 284-4746

Missouri

Economic Development Representative: Forrest Koch
Address: Robert A. Young Building, Room 8.308H
1222 Spruce Street, St. Louis, MO 63103
Telephone: (314) 539-2321

Kansas

Economic Development Representative: John Zender
Address: Room 632, 1244 Speer Boulevard
Denver, CO 80204
Telephone: (303) 844-4902

Chicago Regional Office (WI, MN, IL):

Economic Development Administration
Chicago Regional Office
Suite 855, 111 North Canal Street
Chicago, IL 60606-7204
Telephone: (312) 353-7706

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Chicago Region Economic Development Representatives, (EDR):

Wisconsin

Economic Development Administration: Jack D. Price

Address: Suite 114, 1320 West Clairemont Avenue

Eau Claire, WI 54701-6026

Telephone: (715) 834-4079

Minnesota

Economic Development Representative:

John B. Arnold, III

Address: 104 Federal Building, 515 West First Street

Duluth, MN 55802

Telephone: (218) 720-5326

Illinois

Economic Development Representative:

Alfred L. Casals

Address: 509 West Capitol, Suite 204

Springfield, IL 62704

Telephone: (217) 492-4224

Dated December , 1993

Wilbur F. Hawkins

Acting Assistant Secretary

for Economic Development

DRAFT



UNITED STATES DEPARTMENT OF COMMERCE
Economic Development Administration
Washington, D.C. 20230

TELEFAX TRANSMISSION

Date 12/23/93
For Kathi Way
Location DPC / DMB
Telephone No. _____
Telefax No. 202 / 456 - 7028
From: Wilbur F. Hawkins
Location: EDA
Telephone No. _____
Telefax No. (202) 482-0995

Additional Message: Fed Reg Notice attached regarding
EDA Levee Program anticipated to be
published on Monday 12/27.

also attached draft procedures and G&T AS
from Bob Stearns at Army. EDA is reviewing
this info now.

Number of pages attached 10/17

Billing Code: 3510-24

DEPARTMENT OF COMMERCE

Economic Development Administration

{Docket No. 930942-3331}

Federal Levee Repair Policy Under Economic Development
Assistance for Disaster Relief Activities.

AGENCY: Economic Development Administration (EDA),
Department of Commerce

ACTION: Notice

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SUMMARY: The Economic Development Administration (EDA) is announcing that it will begin receiving requests for assistance through grants to non-Federal facilities for levee repairs in accordance with the Supplementary Notice in 58 FR 54008, October 19, 1993, as part of its economic recovery assistance program for the Midwest Floods of 1993.

In carrying out this program, EDA will collaborate with the U.S. Army Corps of Engineers (Corps) to ensure that the proposed levee repairs will meet all appropriate Corps criteria so that levees repaired under this notice will be eligible in the future for participation in the Corps' program of Emergency Levee Repairs under P.L. 84-99. The final decision as to whether a levee will be repaired with funds available under this Notice shall be solely that of EDA.

DATES: This announcement is effective immediately.

Preapplications in accordance with criteria set forth herein for levee repairs which are needed to protect critical public infrastructure will be received until (Insert date -- 30 days after date of publication in Federal Register).

ADDRESSES: To establish merits of project proposals, interested parties should contact the EDA office for the area (see Appendix A) for a preapplication, Form ED-101P (SF-424). Requests for assistance shall be submitted

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directly to the EDA regional office that serves the area (see Appendix A).

FOR FURTHER INFORMATION CONTACT: See listing in Appendix A.

SUPPLEMENTARY INFORMATION:

Funding Availability

Funds up to \$18 million are available for this levee repair program. These funds are provided from the \$200 million for emergency expenses which were appropriated under Public Law 103-75. It is anticipated that the funds announced herein for repairing levees may not be sufficient to repair all the levees for which requests are received.

Grant Rates

The EDA grant rate is 75 percent. The recipient's share of the cost of a levee rehabilitation project for which assistance is made available by EDA shall be:

- to provide all land, easements, rights-of-way, and dredged material disposal areas necessary for the project; and
- to provide 25 percent of the costs of construction of the project of which at least 5 percent shall be paid in cash.

Funding Instrument

Awards will be made as grants in accordance with the requirements of Title I, Title IV, or Title IX of the Public Works and Economic Development Act of 1965, as amended

(Public Law 89-136; 42 U.S.C. 3121 et. seq.) (PWEDA). The appropriate program authority for grant application and award will be determined by EDA based on the nature of the project and the eligibility of the area.

Eligible Applicants

Eligible applicants include any of the states or political subdivisions thereof, including municipalities and quasi-public corporations and authorities, Indian tribes, and nonprofit corporations representing an EDA designated area or part thereof located in areas affected by the Midwest Floods of 1993.

Project Criteria

An invitation to submit an application does not assure EDA funding. Factors that will be considered in evaluating proposals include if, and to what extent, the proposed project meets the selection criteria. Selection criteria will not be assigned weights. However, a key selection criterion will be the nature of the critical public infrastructure that is protected by the levee.

Corps of Engineers Criteria

Levees which are within the Corps' geographic area of responsibility (i.e., contributing drainage areas of 400 square miles or greater) that were ineligible to receive assistance because of the lack of participation by a public sponsor prior to the Midwest Floods of 1993, will be eligible for assistance from EDA, provided that:

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-- it is demonstrated that the levee protects "critical" public infrastructure;

-- a public sponsor is identified that can demonstrate sufficient financial capability to comply with the requirements of this section;

-- the levee rehabilitation otherwise meets the requirements established by the Corps for design, operation, maintenance;

-- it is demonstrated that the benefits derived from repair or reconstruction of the levee will exceed the repair costs; and

-- the public sponsor agrees to include its levee in the Corps' program and enters into a written agreement acknowledging that future Federal assistance will be conditional upon the public sponsor's continued participation in the program (future assistance will be forthcoming under the Corps F.L. 84-99 Emergency Levee Program).

-- the proposed work consists primarily and essentially of repairs to an existing levee.

Selection Criteria

It is anticipated that the funds announced herein for repairing levees may not be sufficient to repair all the levees for which requests are received. EDA will use the

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following criteria to select the levees to be repaired: (1) the critical nature of the infrastructure protected by the levee, (2) environmental impact, (3) past performance of the applicant regarding operation and maintenance of the existing levee, (4) the applicant's ability to ensure proper and efficient administration of the levee rehabilitation project and of satisfactory operation and maintainance of the levee in accordance with standards established by the Corps, (5) the feasibility of the project, cost and other factors considered, (6) the potential the project has for assisting in the long-term rehabilitation of the area, and (7) the extent to which the project will directly or indirectly tend to improve opportunities in the area for the establishment or expansion of industrial or commercial facilities or primarily benefit members of low-income families.

Application Process

EDA, working in conjunction and collaboration with the Corps, will screen preapplications to determine whether they can meet the criteria established above before inviting

EDA will notify the Corps regarding the potential projects for which a site inspection, Damage Survey Report and Cost Benefit Analysis are required.

Following the review of the preapplications and the Damage Survey Reports and Cost Benefit Analysis, EDA will

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invite those entities whose projects are selected for consideration to submit full applications.

Except as modified herein, application procedures, competitive selection criteria and post approval project implementation information for the applicable assistance are described in the Federal Register of January 11, 1993, (58 FR 3800) announcing EDA's Notice of Availability of Funds for FY 1993.

22 DEC 1993

Date

(signed) WILBUR F. HAWKINS

Wilbur F. Hawkins
Acting Assistant Secretary
for Economic Development

Appendix A

**Contact the appropriate Economic Development Representative
or EDA Regional Office listed below:**

Denver Regional Office (ND, NE, SD, IA, MO, KS):

Economic Development Administration

Denver Regional Office, Room 670 .

1244 Speer Boulevard, Denver, CO 80204

Telephone: (303) 644-4724

Denver Region Economic Development Representatives (EDR):

North Dakota

Cornelius Grant

Disaster Field Office

P.O. Box 1911, Bismarck, ND 58501

Telephone: (701) 250-4321

South Dakota and Nebraska

Warren Albertson .

Federal Building, Room 219

Pierre, SD 57501

Telephone: (605) 224-8280

Iowa

Robert Cecil

Federal Building, Room 593A,

210 Walnut Street, Des Moines, IA 50309

Telephone: (515) 284-4746

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Missouri**Forrest Koch****Robert A. Young Building, Room 8.308H****1222 Spruce Street, St. Louis, MO 63103****Telephone: (314) 539-2321 .****Kansas****John Zender****Room 632, 1244 Speer Boulevard****Denver, CO 80204****Chicago Regional Office (WI, MN, IL):****Economic Development Administration****Chicago Regional Office****Suite 855, 111 North Canal Street****Chicago, IL 60606-7204****Telephone: (312) 353-7706****Chicago Region Economic Development Representatives, (EDR):****Wisconsin****Jack D. Price****Suite 114, 1320 West Clairemont Avenue****Madison, WI 53706-6000****Telephone: (608) 784-4079**

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Minnesota**John B. Arnold, III**

104 Federal Building, 515 West First Street

Duluth, MN 55802

Telephone: (218) 720-5326

Illinois**Alfred L. Casals**

509 West Capitol, Suite 204

Springfield, IL 62704

Telephone: (217) 492-4224

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GUIDE TO THE EDA FLOOD REPAIR PROGRAM

STEP ONE.

Following notification in the Federal Register (and through less formal mechanisms, including direct contact with state and local governments), requests for assistance are submitted to the EDA regional offices. Requests include the following information:

- Name and location of levee
- Description of damages
- Description of "critical public infrastructure" protected
- Sponsor status (requests limited to non-Federal government entities)

STEP TWO.

After all requests received, EDA makes initial screening, notifies subgroup that Corps of Engineers will inspect the site and complete a Damage Survey Report (DSR) and Cost-Benefit analysis prior to EDA notification that a formal application may be made.

STEP THREE.

Corps inspects levees and completes Damage Survey Reports and Cost-Benefit analysis. DSR's include levee maintenance status (if it is determined that some pre-flood minimal maintenance would have been required to bring levees up to Corps standards, this would not necessarily disqualify the levee from the EDA program, but the estimated cost of this maintenance would be totally a non-Federal responsibility), soundness of engineering design, and estimated cost of repair. SPONSORS MUST UNDERSTAND THAT INSPECTION OF A LEVEE AND PREPARATION OF A DSR DOES NOT GUARANTEE THAT THE LEVEE WILL BE SELECTED FOR REPAIR.

STEP FOUR.

Based on their review of Corps DSR's and Cost-Benefit analyses, sponsor's original requests for assistance, and field inspections by EDA personnel, EDA identifies the highest priority levee repairs and informs the sponsors of those levees that they may make a formal application for assistance. AN INVITATION FOR FORMAL APPLICATION DOES NOT GUARANTEE THAT A LEVEE WILL BE SELECTED FOR REPAIR.

STEP FIVE.

EDA screens all formal applications and selects levees to be repaired under this program. Before any agreements are reached, EDA ensures that sponsors are aware of alternative Federal programs that may be available and preferred by the sponsor in lieu of repair. EDA signs necessary agreements with local sponsors, and awards them 75 percent of the estimated cost of repair.

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After approval of design by the Corps, local sponsor arranges to have the repair work performed. Local sponsor must have agreement with Corps on extent of Corps participation (the Corps will be reimbursed for work performed for the local sponsor, using EDA grant money). Corps, at a minimum, will inspect the levee upon completion of repair to certify that it qualifies to be classified as "active" in the Corps P.L. 84-99 program. Corps is prepared to provide technical assistance for design of repair, management of construction, and for inspections during repair. Sponsor is encouraged to ask Corps to inspect during repairs to maximize the likelihood that the repairs will lead to acceptance into the Corps P.L. 84-99 program.

STEP SEVEN.

If, after completion of repair for all levees in the initial selection, it is determined by EDA that additional levees can be repaired within the \$18 million ceiling, EDA informs additional sponsors, of their inclusion in the repair program.

STEP EIGHT.

Permanent relationship between levee sponsor and Corps of Engineers formally established in order that levee may remain in active status of Corps P.L. 84-99 program.

DEFINITION OF "CRITICAL PUBLIC INFRASTRUCTURE".

"Critical public infrastructure" includes, but is not limited to buildings and other structures (e.g. pump stations) that are used to provide public (i.e. governmental or quasi-governmental) community wide services; roads, bridges, and other transportation related facilities; waste treatment and waste disposal sites, and recycling facilities; industrial parks, commercial centers and other facilities essential to the economic well-being of the community. As part of the EDA program, priority will be determined in part, by the potential to which repair of the levee will assist in the long-term rehabilitation of the area and directly or indirectly tend to improve opportunities for the establishment of industrial or commercial facilities, or primarily benefit members of low income families. One of the desired outcomes of this program is to give the Federal government better information as to the full extent of the levee repair requirements that are not being met by the existing Corps program. The original requests for assistance are not expected to require a significant amount of work by local sponsors, and sponsors are encouraged to make requests. It is with this understanding that the definition of "critical public infrastructure" had been made deliberately broad.

**QUESTIONS ABOUT THE EDA
LEVEE REPAIR PROGRAM**

1. Who will decide which levees will receive assistance from the amount made available from the Economic Development Administration (EDA)?

This decision will be made by EDA. It will be based on applications from levee sponsors, field visits by EDA personnel, and Damage Survey Reports and Cost-Benefit analyses prepared by the Corps of Engineers.

2. What role, if any, will the Army Corps of Engineers (Corps) play in a) conducting the initial assessment, b) prioritizing the repair work, c) managing the construction?

Requests for assistance will be received by EDA and after an initial screening, Corps personnel will be asked to conduct an inspection of levees on the reduced list. The Corps will prepare a Damage Survey Report and a Cost-Benefit analysis and submit both to EDA. EDA alone will prioritize the work and, subject to the availability of funds, award grants to local sponsors. Local sponsors may use the money to pay for the use of Corps personnel to do design and construction management. Grantees will also pay for the use of Corps personnel to conduct a final inspection of the levee to assure that it will be included in the Corps levee repair program in future events.

3. What is meant by "critical public infrastructure" which must be protected in order to receive assistance from EDA?

As explained in the "Guide to the EDA program", this term is meant to be broadly interpreted (examples are listed in the Guide). All potential grantees are encouraged to apply so that the government can have the best information as to the full extent of the problem.

4. How many levees do you anticipate being able to repair with the money made available?

There is a large variation in levee sizes and damages, so that any forecast of the number is at best a very rough estimate. If repair costs, on average, are \$400,000 (this number is consistent with data from the Corps program of levee repair), the EDA program may be available for roughly 50 levees (the \$18 million must be matched in part by local cost-sharing).

5. What authority is being used as the basis for this program? If this is an EDA program, how can the Corps be involved?

EDA's grant authority is derived from Section 301(a) of the 1965 Public Works and Economic Development Act (42 USC Sect 3151(a)). In order to participate in the evaluation of requests for assistance, the Corps will receive funds from EDA under the

-2-

authority of Section 708(c) of the same act (42 USC Sect 3218(c)). Once grants are awarded, the grantees will use services from the Corps (at a minimum for a final inspection, but at the grantee's choice for more extensive involvement) by making payment in advance to the Corps. Participation by the Corps during design or construction, including final inspection, will be considered a cost of construction for the purposes of cost-sharing.

6. How long will it take to make the needed repairs?

Fairness dictates that grantees are not chosen until all requests have received and considered. The deadline for receiving requests has been established as January 10, 1994 and we cannot expect to award grants until the Spring. It is likely that the work could be completed before the end of calendar year 1994. Obviously, we will try to work as expeditiously as possible.

7. Why is it necessary to have the public sponsors of the levees participate in the Corps program in the future?

Participation in the Corps program enables the Government to have better control over the number of levees that might require repair after future flood events and assures, through the Corps inspection program, that these levees will continue to meet engineering standards and be well maintained, thus providing maximum protection in future events.

8. How will the cost-sharing requirements be met? Will a cost-sharing agreement be necessary and, if so, with whom? Will the cost-sharing requirements include the costs of processing and analyzing the application and preparing the Corps Damage Survey Reports and Cost-Benefit Analyses?

It is expected that grantees will need to have two agreements. First, with EDA describing the terms and conditions of the grant; second, with the Corps to enable the Corps to provide its services to the grantee (as requested by the grantee) during design and construction. The conditions of the grant will include a five percent local cash requirement, that is, the grantee must demonstrate that in addition to any in-kind services provided (such as use of locally owned equipment) the actual cash outlays for the repair included an amount equal to 80 percent of construction costs (the local 5 percent share plus EDA's 75 percent share).

The pre-grant award costs for inspections, report preparation, etc. will not be cost-shared. However, they are a legitimate cost of the program and will be covered by the \$18 million of available funds.

9. Is it really fair to the levee sponsors who applied for and stayed in the Corps program to allow non-program participants an opportunity for assistance?

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The decision to provide \$18 million for levee repair through EDA is based on the genuine hardships created by the sheer magnitude of the floods and the need to provide protection against future events as quickly as possible. Nonetheless, some recognition should be given to the fact that the Corps is participating actively in the Corps program, and as a result, the non-Federal share of total costs is greater for the EDA program.

10. Why are the non-Federal cost-sharing requirements higher for the EDA program than for other levee repair and flood relief programs?

As explained above (question 9), the differences in the cost-sharing requirements were established in order to recognize that other levee owners had agreed in advance to be a part of the Corps program, and had met all Corps requirements for sponsorship and maintenance.

11. Does the EDA program apply to levees in the geographic areas under the jurisdiction of the Soil Conservation Service (SCS)?

No.

12. Who will decide whether or not the damaged levees had been built and maintained according to Corps standards? If they are currently damaged, how can you tell what the pre-flood condition actually was?

The Corps will inspect the levees that have passed EDA's initial screening and prepare a Damage Survey Report. Corps personnel with extensive experience in the Corps program will be making these determinations. In some cases, the Corps will identify some minimum improvements to the levee that would constitute routine maintenance rather than repair necessary from flood damages. In these cases the cost of these improvements will be borne entirely by the non-Federal sponsor.

14. What information will EDA require from program applicants? Are application forms necessary? available?

The application process will involve two phases. During phase one, potential applicants will make a request for assistance. The required information will include the name and location of the levee, name of local sponsor, nature of the damages incurred, and a description of the critical public infrastructure protected by the levee. No formal request forms will be necessary in this phase. After an initial screening by EDA and an inspection by the Corps, certain sponsors will be invited to make formal application. The application requirements will be made known to the potential applicants at that time.

15. In some cases, levee districts have not yet been established

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to assume long term responsibility for maintenance and for retention in the Corps program and there will not be time to establish such a district prior to the EDA deadline for request for assistance. Will these levees be eligible for EDA consideration?

Yes, provided that the sponsor making the request for assistance meets the EDA criterion for sponsorship as outlined in the Federal Register notice. The criteria for grant award will include the capability of the sponsor to provide the non-Federal share of the cost of repairs and the need to include the levee in the Corps levee repair program in the future. In those cases where a levee district is not yet formed to assume long term responsibility, the sponsor must indicate a willingness to assume this responsibility itself, or provide evidence that a levee district is being created.

16. Since the amount of the EDA grant will be based on an estimate of the repair costs, what will happen if the actual cost exceeds the estimated amount?

EDA grant procedures are sufficiently flexible that adjustments can be made to assure that the grant money covers 75 percent of construction costs. This applies whether the actual cost are more or less than the amount first estimated.

17. Levee sponsors whose levees are eligible for repair under the Corps of Engineers or Soil Conservation Service programs have been informed that there may be alternatives to levee repair, such as relocation out of the floodplain, that may be preferred by the local sponsor. Will these alternatives be available to potential grant recipients in the EDA program? Can the EDA funds be used to pay for these alternatives?

It is Federal policy that before any levee is repaired under any agency program, including the EDA program, that the levee sponsor be informed of alternatives to levee repair that may be available. The EDA program money is, however, only for levee repair. If a local sponsor chooses an alternative, it would be funded from some other source (e.g. FEMA, SCS).

**SUBJECT: Memorandum for General Distribution Restatement of
Federal Levee Policy**

The Purpose of this memorandum is to clarify the Federal policy on repairing levees in the Midwest. The Corps of Engineers and the Soil Conservation Services (SCS) are the principal Federal agencies responsible for repairing levees, the Corps under its Public Law 84-99 program and the SCS under its Emergency Watershed Protection (EWP) program. This memorandum provides background on why the current Corps policies were established, describes the process the two agencies are using to identify levees that are under their respective jurisdiction, addresses eligibility criteria and allowable exceptions for provision of levee rehabilitation funds, and establishes SCS criteria for prioritizing levee rehabilitation funding.

Existing Corps policy resulted in part from an internal Corps review of its practices prior to 1986 in order to bring discipline to the program and to realize the maximum benefits from Federal expenditures. Among the principal findings in the review were (1) a lack of sponsor commitment in fulfilling operations and maintenance requirements subsequent to Federal investments in rehabilitation, (2) recurring rehabilitation at Federal expense of levees not meeting minimal engineering standards, (3) recognition of the difficulties associated with determining, after a flood event, the level and adequacy of levee maintenance that existed prior to the flood, and (4) issues related to state and local government floodplain management prerogatives. As a result of the review in 1986, the Corps proposed rules to overcome identified shortcomings in the program. The rules clearly established the Corps' intent to develop a program that ensured levees accepted into the active inventory met minimal standards. A public sponsored requirement addressed the need for a financially viable public sponsor so as to ensure proper stewardship of the Federal investment and proper consideration of state and local floodplain management prerogatives. Based on numerous comments received during the comment period for the proposed rules, the Corps allowed a two-year grace period from the implementation date of the new rules for levees to obtain public sponsorship. This grace period ended July 15, 1988.

In 1986, the Corps and the SCS signed a Memorandum of Agreement (MOA) which outlined how the two agencies would delineate responsibility for repair of levees. The agencies agreed as a general principle that the Corps would be responsible for repairing levees with contributing drainage areas of 400 square miles or greater. The SCS would handle levees with drainage areas of less than 400 square miles. To ensure proper implementation of this part of the MOA, appropriate Corps and SCS officials in each state are identifying the geographic

square-mile criterion will be used as a guide, but will be adjusted where it is prudent to do so. Should the local Corps and SCS officials not agree on a delineation, the case will be forwarded to agency headquarters officials for resolution. In a few cases, this delineation will result in levees classified by the Corps as "active" in its P.L. 84-99 program being located in an area of SCS responsibility.

Levee Repair Policy in Corps of Engineers Geographic Areas.

Corps policy, as established in 1986, requires that levee sponsors be active participants in the Corps program at the time of a disaster event in order to be considered for eligibility for assistance to repair the levees. An active status means that the Corps has inspected the levee and has accepted the levee into its program, or, that the levee sponsor has requested an inspection prior to occurrence of the disaster event. Active status does not guarantee repair -- the Corps also requires that the benefits from the repair will exceed the costs and that repairs can be undertaken in full compliance with environmental laws. In addition, locally constructed levees must be cost-shared with a 20 percent non-federal share. The SCS will not fund the repair of any levee within the geographic areas under Corps jurisdiction.

In 1986, the Corps informed levee sponsors of its PL 84-99 program eligibility requirements and invited them to apply for participation in the program. Many sponsors responded to the Corps' invitation and levees were placed in the active status based on field inspections conducted by Corps personnel. Many other sponsors did not respond. As a result of the Midwest Flood of 1993, many sponsors in this latter group have asked the Corps to repair their levees. These levees are not eligible for Corps assistance and they are ineligible for other Federal funding in accordance with current FEMA, Corps, and SCS policy.

Levee Repair Policy in Soil Conservation Service Geographic Areas.

Levees will be eligible for SCS's EWP when there is a potential for loss of life or property without the repairs; the benefits associated with repairing the levee exceed the cost of levee repairs and other levee-dependent cost -- cropland restoration, facilities repairs, and structure repairs -- that should occur only if the levee is rebuilt; and, the levee owner agrees to meet SCS's eligibility for the EWP does not guarantee that the repairs will be funded.

Funds available to repair levees are not sufficient to repair all levees that are eligible for SCS assistance. Therefore, the SCS will use the following criteria to prioritize levees they will repair; (1) type of property protected by the levee, (2) past performance of sponsors, (3) past record of operations and maintenance, (4) environmental impact, and (5) local rules and

regulations. FEMA may fund levees within SCS's geographic area of jurisdiction only in cases that meet the requirements of the first exception mentioned above (i.e., the levee protects critical public infrastructure and is ineligible for SCS assistance).

In a small number of cases, levees in the SCS's geographical areas have been retained in the active status of the Corps' PL 84-99 program. These levees will be treated as if they were in the Corps' areas. They will be rebuilt by the Corps if the benefit-cost and environmental compliance tests are met. If the Corps determines that they are not eligible for PL 84-99 assistance, they will not be repaired by any other agency, unless they meet the requirements of the first exception.

THE WHITE HOUSE

WASHINGTON

November 5, 1993

MEMORANDUM FOR Carol Rasco, Assistant to the President for
Domestic Policy

Mike Espy, Secretary, Department of Agriculture

James Lee Witt, Director, FEMA

Leon Panetta, Director, OMB

Ed Dickey, Acting Assistant Secretary of the Army
Civil Works

Katie McGinty, Director, Office of Environmental
Policy

FROM: Kathi Way, Special Assistant to the President

In recent weeks, there has been some misunderstanding concerning the Federal policies administered by the Army Corps of Engineers (the Corps), the Soil Conservation Service (SCS) and the Federal Emergency Management Agency (FEMA), the principle Federal agencies responsible for repairing levees. Specifically, questions have been raised regarding (1) the eligibility requirements for levee reconstruction funding, and (2) the respective levee reconstruction jurisdictions for the Corps, SCS and FEMA. To insure that Federal levee repair policies are clearly articulated by all Federal personnel and clearly understood by the public, the White House, with direct input from the Corps, SCS and FEMA, has prepared the attached policy statement which explains in one single document, each agency's eligibility requirements and jurisdiction.

It is important that this document receive the widest possible distribution within your agency as quickly as possible to avoid any further misunderstandings.

cc: James Walke, FEMA
Bob Stearns, Corps
Tom Wehri, SCS
Bruce Long, OMB
Will Stelle, OEP

FOR IMMEDIATE DISTRIBUTION

SUBJECT: RESTATEMENT OF FEDERAL LEVEE POLICY

The purpose of this memorandum is to clarify the Federal policy on repairing levees in the Midwest. The Corps of Engineers (Corp) and the Soil Conservation Service (SCS) are the principal Federal agencies responsible for repairing levees, the Corps under its Public Law 84-99 program and the SCS under its Emergency Watershed Protection (EWP) program. This memorandum provides background on why the current Corps policies were established, describes the process the two agencies are using to identify levees that are under their respective jurisdiction, addresses eligibility criteria and allowable exceptions for provision of levee rehabilitation funds, and establishes SCS criteria for prioritizing levee rehabilitation funding.

Existing Corps policy resulted in part from an internal Corps review of its practices prior to 1986 in order to bring discipline to the program and to realize the maximum benefits from Federal expenditures. Among the principal findings in the review were (1) a lack of sponsor commitment in fulfilling operations and maintenance requirements subsequent to Federal investments in rehabilitation, (2) recurring rehabilitation at Federal expense of levees not meeting minimal engineering standards, (3) recognition of the difficulties associated with determining, after a flood event, the level and adequacy of levee maintenance that existed prior to the flood, and (4) issues related to state and local government floodplain management prerogatives. As a result

of the review in 1986, the Corps proposed rules to overcome identified shortcomings in the program. The rules clearly established the Corps' intent to develop a program that ensured levees accepted into the active inventory met minimal standards. A public sponsorship requirement addressed the need for a financially viable public sponsor so as to ensure proper stewardship of the Federal investment and proper consideration of state and local floodplain management prerogatives. Based on numerous comments received during the comment period for the proposed rules, the Corps allowed a two-year grace period from the implementation date of the new rules for levees to obtain public sponsorship. This grace period ended July 15, 1988.

In 1986, the Corps and the SCS signed a Memorandum of Agreement (MOA) which outlined how the two agencies would delineate responsibility for repair of levees. The agencies agreed as a general principle that the Corps would be responsible for repairing levees with contributing drainage areas of 400 square miles or greater. The SCS would handle levees with drainage areas of less than 400 square miles. To ensure proper implementation of this part of the MOA, appropriate Corps and SCS officials in each state are identifying the geographic delineation of Corps and SCS areas of responsibility. The 400 square-mile criterion will be used as a guide, but will be adjusted where it is prudent to do so. Should the local Corps and SCS officials not agree on a delineation, the case will be forwarded to agency headquarters officials for resolution. In a few cases, this delineation will result in levees classified by the Corps as "active" in its P.L. 84-99 program being

located in an area of SCS responsibility.

LEVEE REPAIR POLICY IN CORPS OF ENGINEERS GEOGRAPHIC AREAS

Corps policy, as established in 1986, requires that levee sponsors be active participants in the Corps program at the time of a disaster event in order to be considered for eligibility for assistance to repair the levees. An active status means that the Corps has inspected the levee and has accepted the levee into its program, or, that the levee sponsor has requested an inspection prior to occurrence of the disaster event. Active status does not guarantee repair -- the Corps also requires that the benefits from the repair will exceed the costs and that repairs can be undertaken in full compliance with environmental laws. In addition, locally constructed levees must be cost-shared with a 20 percent non-federal share. The SCS will not fund the repair of any levee within the geographic areas under Corps jurisdiction.

In 1986, the Corps informed levee sponsors of its PL 84-99 program eligibility requirements and invited them to apply for participation in the program. Many sponsors responded to the Corps invitation and levees were placed in the active status based on field inspections conducted by Corps personnel. Many other sponsors did not respond. As a result of the Midwest Flood of 1993, many sponsors in this latter group have asked the Corps to repair their levees. These levees are not eligible for Corps assistance and they are ineligible for other Federal funding in accordance with current FEMA, Corps, and SCS policy, with two exceptions:

-The first exception is when the levee protects critical public infrastructure (e.g., major roads, water or wastewater treatment plants, power stations) that are at risk behind ineligible levees. In this case, FEMA will fund the levee repair.

-The second exception applies when the levee was constructed after 1986, the Corps has no record of official notification to the levee sponsor of the Corps eligibility requirements, the levee sponsor can demonstrate that the levee has been properly maintained, and the levee sponsor meets all other Corps eligibility requirements. In this case, the levee would be given the same consideration as if it had been in active status before the flood.

LEVEE REPAIR POLICY IN SOIL CONSERVATION SERVICE GEOGRAPHIC AREAS

Levees will be eligible for SCS's EWP when there is a potential for loss of life or property without the repairs; the benefits associated with repairing the levee exceed the cost of levee repairs and other levee-dependent cost -- cropland restoration, facilities repairs, and structure repairs -- that should occur only if the levee is rebuilt; and, the levee owner agrees to meet SCS's eligibility requirement for engineering and maintenance. Eligibility for the EWP does not guarantee that the repairs will be funded.

Funds available to repair levees are not sufficient to repair all levees that are eligible for SCS assistance. Therefore, the SCS will use the following criteria to prioritize levees they will repair: (1) type of property protected by the levee, (2) past performance of sponsors, (3) past record of operations and maintenance, (4) environmental impact, and (5) local rules and regulations. FEMA may fund levees within SCS's geographic area of jurisdiction only in cases that meet the requirements of the first exception mentioned above (i.e., the levee protects critical public

infrastructure and is ineligible for SCS assistance).

In a small number of cases, levees in the SCS's geographical areas have been retained in the active status of the Corps' PL 84-99 program. These levees will be treated as if they were in the Corps' areas. They will be rebuilt by the Corps if the benefit-cost and environmental compliance tests are met. If the Corps determines that they are not eligible for PL 84-99 assistance, they will not be repaired by any other agency, unless they meet the requirements of the first exception.

FEMA'S LEVEE REPAIR POLICY

FEMA will repair only those levees that protect critical infrastructure and are ineligible for assistance under the Corps or SCS programs.



UNITED STATES DEPARTMENT OF COMMERCE
Economic Development Administration
Washington, D.C. 20230

TELEFAX TRANSMISSION

Date 12/30/93

For Kathi Way, DPC

Location _____

Telephone No _____

Telefax No 202/456-7028

From KLini, DEDR for Wilbur Hankins, Acting AS/EO

Location _____

Telephone No 202/482-6225

Telefax No (202) 377-0995

Additional Message EDA Levee Program Fed Reg Notice 02/29/93
This starts the 30 day clock for submission
of pre-applications to EDA.

Number of pages attached 153

69102

Federal Register / Vol. 58, No. 248 / Wednesday, December 29, 1993 / Notices

DEPARTMENT OF COMMERCE**Economic Development
Administration**

(Docket No. 930942-3331)

**Federal Levee Repair Policy Under
Economic Development Assistance for
Disaster Relief Activities****AGENCY:** Economic Development
Administration (EDA), Department of
Commerce.**ACTION:** Notice.

SUMMARY: The Economic Development Administration (EDA) is announcing that it will begin receiving requests for assistance through grants to non-Federal facilities for levee repairs in accordance with the Supplementary Notice in 58 FR 54008, October 19, 1993, as part of its economic recovery assistance program for the Midwest Floods of 1993.

In carrying out this program, EDA will collaborate with the U.S. Army Corps of Engineers (Corps) to ensure that the proposed levee repairs will meet all appropriate Corps criteria so that levees repaired under this notice will be eligible in the future for participation in the Corps' program of Emergency Levee Repairs under P.L. 84-99. The final decision as to whether a levee will be repaired with funds available under this Notice shall be solely that of EDA.

DATES: This announcement is effective immediately. Preapplications in accordance with criteria set forth herein for levee repairs which are needed to protect critical public infrastructure will be received until January 28, 1994.

ADDRESSES: To establish merits of project proposals, interested parties should contact the EDA office for the area (see Appendix A) for a preapplication. Form ED-101P (SF-424). Requests for assistance shall be submitted directly to the EDA regional office that serves the area (see Appendix A).

FOR FURTHER INFORMATION CONTACT:
listing in Appendix A.

SUPPLEMENTARY INFORMATION:**Funding Availability**

Funds up to \$18 million are available for this levee repair program. These funds are provided from the \$200 million for emergency expenses which are appropriated under Public Law 103-75. It is anticipated that the funds announced herein for repairing levees may not be sufficient to repair all the levees for which requests are received.

Grant Rates

The EDA grant rate is 75 percent. The recipient's share of the cost of a levee

rehabilitation project for which assistance is made available by EDA shall be:

- To provide all land, easements, rights-of-way, and dredged material disposal areas necessary for the project; and
- To provide 25 percent of the costs of construction on the project of which at least 5 percent shall be paid in cash.

Funding Instrument

Awards will be made as grants in accordance with the requirements of Title I, Title IV, or Title IX of the Public Works and Economic Development Act of 1965, as amended (Pub. L. 89-136; 42 U.S.C. 3121 *et seq.*) (PWEDA). The appropriate program authority for grant application and award will be determined by EDA based on the nature of the project and the eligibility of the area.

Eligible Applicants

Eligible applicants include any of the states or political subdivisions thereof, including municipalities and quasi-public corporations and authorities, Indian tribes, and nonprofit corporations representing an EDA designated area or part thereof located in areas affected by the Midwest Floods of 1993.

Project Criteria

An invitation to submit an application does not assure EDA funding. Factors that will be considered in evaluating proposals include if, and to what extent, the proposed project meets the selection criteria. Selection criteria will not be assigned weights. However, a key selection criterion will be the nature of the critical public infrastructure that is protected by the levee.

Corps of Engineers Criteria

Levees which are within the Corps' geographic area of responsibility (i.e., contributing drainage areas of 400 square miles or greater) that were ineligible to receive assistance because of the lack of participation by a public sponsor prior to the Midwest Floods of 1993, will be eligible for assistance from EDA, provided that:

- It is demonstrated that the levee protects "critical" public infrastructure;
- A public sponsor is identified that can demonstrate sufficient financial capability to comply with the requirements of this section;
- The levee rehabilitation otherwise meets the requirements established by the Corps for design, operation, maintenance;

—It is demonstrated that the benefits derived from repair or reconstruction of the levee will exceed the repair costs; and

—The public sponsor agrees to include its levee in the Corps' program and enters into a written agreement acknowledging that future Federal assistance will be conditional upon the public sponsor's continued participation in the program (future assistance will be forthcoming under the Corps' Public Law 84-99 Emergency Levee Program)

—The proposed work consists primarily and essentially of repairs to an existing levee.

Selection Criteria

It is anticipated that the funds announced herein for repairing levees may not be sufficient to repair all the levees for which requests are received. EDA will use the following criteria to select the levees to be repaired: (1) The critical nature of the infrastructure protected by the levee, (2) environmental impact, (3) past performance of the applicant regarding operation and maintenance of the existing levee, (4) the applicant's ability to ensure proper and efficient administration of the levee rehabilitation project and of satisfactory operation and maintenance of the levee in accordance with standards established by the Corps, (5) the feasibility of the project, cost and other factors considered, (6) the potential the project has for assisting in the long-term rehabilitation of the area, and (7) the extent to which the project will directly or indirectly tend to improve opportunities in the area for the establishment or expansion of industrial or commercial facilities or primarily benefit members of low-income families.

Application Process

EDA, working in conjunction and collaboration with the Corps, will screen preapplications to determine whether they can meet the criteria established above before inviting formal applications. After all requests have been screened, EDA will notify the Corps regarding the potential projects for which a site inspection, Damage Survey Report and Cost Benefit Analysis are required.

Following the review of the preapplications and the Damage Survey Reports and Cost Benefit Analysis, EDA will invite those entities whose projects are selected for consideration to submit full applications.

Except as modified herein, application procedures, competitive

selection criteria and post approval project implementation information for the applicable assistance are described in the Federal Register of January 11, 1993, (58 FR 3800) announcing EDA's Notice of Availability of Funds for FY 1993.

Dated: December 22, 1993.

Wilbur F. Hawkins,

Acting Assistant Secretary for Economic Development.

Appendix A

Contact the appropriate Economic Development Representative or EDA Regional Office listed below:

Denver Regional Office (ND, NE, SD, IA, MO, KS)

Economic Development Administration,
Denver Regional Office, Room 670,
1244 Speer Boulevard, Denver, CO
80204, Telephone: (303) 844-4714

Denver Region Economic Development
Representatives (EDR)

North Dakota

Cornelius Grant, Disaster Field Office,
P.O. Box 1911, Bismarck, ND
58501, Telephone: (701) 250-4321

South Dakota and Nebraska

Warren Albertson, Federal Building,
Room 219, Pierre, SD 57501,
Telephone: (605) 224-6280

Iowa

Robert Cecil, Federal Building, Room
593A, 210 Walnut Street, Des
Moines, IA 50309, Telephone: (515)
284-4746

Missouri

Forrest Koch, Robert A. Young
Building, Room 8.308H, 1222
Spruce Street, St. Louis, MO 63103,
Telephone: (314) 539-2321

Kansas

John Zender, Room 632, 1244 Speer
Boulevard, Denver, CO 80204,
Telephone: (303) 844-4902

Chicago Regional Office (WI, MN, IL)

Economic Development Administration,
Chicago Regional Office, Suite 855,
111 North Canal Street, Chicago, IL
60606-7204, Telephone: (312) 353-
7706

Chicago Region Economic Development
Representatives, (EDR)

Wisconsin

Jack D. Price, Suite 114, 1320 West
Clairemont Avenue, Eau Claire, WI
54701-6026, Telephone: (715) 834-
4079

Minnesota

John B. Arnold, III, 104 Federal
Building, 515 West First Street,
Duluth, MN 55802, Telephone:
(218) 720-5326

Illinois

Alfred L. Casals, 509 West Capitol,
Suite 204, Springfield, IL 62704,
Telephone: (217) 492-4224

[FR Doc. 93-31632 Filed 12-28-93; 8 45 am]
BILLING CODE 3510-34-M



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 15, 1993

TO: See Distribution List

FROM: ~~Bruce Long~~
Chief, Water Resources Branch
Office Of Management And Budget

RE: Federal Programs Booklet On Alternatives To Levee
Repair/Replacement

The attached package is provided for your agency's final review and comment. It is important that your agency's programs be reviewed with great care. These booklets will be made available to a wide array of agencies, governments, organizations, and individuals throughout the flooded areas of the Midwest.

Some program information you provided has been deleted or moved to different categories in an attempt to make the programs as clear, concise, and focused on viable alternatives as possible. During your review, please direct your attention to the following specific areas:

- General - Additional information required for particular programs are noted in brackets ([]). Please provide the information requested or state why it is not needed.
- Total Funding - Update this element to include the conference amount in your FY 1994 appropriation. If your bill has not gone to Conference, state the House and/or Senate amount in the FY 1994 bills.
- You will note that a number of programs in the booklet are marked for deletion because they do not appear to be clear alternatives to the repair or replacement of levees. Review these programs in detail and determine if they are relevant and should remain in the booklet. If you believe a program(s) should remain, you must modify the program description to clearly show its relevance as an alternative to levee repair or replacement. HUD is a special example. Although there is significant funding and a broad range of programs, the descriptions do not clearly identify them as useful as alternatives to levee repair. The description needs to be more focused in this regard or they will be dropped from the package.
- Several of the programs in the booklet are marked for deletion because they are not funded. Please review the status of funding for these programs and indicate if any of these

programs should remain due to a change in funding status (remember to include carryover funds, emergency supplemental, and FY 1994 anticipated appropriations).

- The program matrix needs your careful review to ensure that your programs are included in the proper categories (strategies). Note that a program can be considered under more than one category.
- Are there any additional programs which should be included in the booklet? Any that are included that should be deleted? Why?

The individual(s) to whom this draft is sent for review/comment will be responsible for agency review and concurrence, and for returning the booklet with comments to OMB by the suspense date.

You are requested to complete your review and return the booklet to me not later than **Wednesday, October 20, 1993**. The package will be discussed at the task force meeting scheduled for that day. Questions and/or comments can be addressed at that time or directed to Vince Montante at 202-395-4695.

DISTRIBUTION LIST:

Army Corps of Engineers	- Bob Stearns
USDA/SCS	- Karl Otte/Marge Theurer
DOI/USFWL	- Mollie Beattie/Michele Altemus
FEMA	- Larry Zensinger/Karen Helbrecht
EPA	- Richard Sanderson
DOC/EDA	- Kent Lim
SBA	- Al Judd
HUD	- Gene Morrison

cc: T.J. Glauthier
Katie McGinty
Will Stelle
Brian Burke
Kathi Way
Steve Redburn
Ron Cogswell
Mark Weatherly
Kevin Neyland
Bruce Beard
Rob Fairweather
Cora Beebe
Chris Heiser
Steve Redburn
Doug Criscitello

***FEDERAL PROGRAMS OFFERING
ALTERNATIVES TO TRADITIONAL
FLOOD CONTROL FACILITIES***

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PREFACE

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Rural Land Easements or Acquisition
Flood Proofing, Relocation or Elevation

SPECIFIC FEDERAL PROGRAM SUMMARIES

Department of Agriculture
Department of Commerce
Corps of Engineers
Department of the Interior
Environmental Protection Agency
Federal Emergency Management Agency
Department of Housing and Urban Development
Small business Administration

October 15, 1993

FEDERAL PROGRAMS OFFERING ALTERNATIVES TO TRADITIONAL FLOOD CONTROL FACILITIES

Preface

What follows is a compilation of broad strategies and specific Federal programs that could form the basis for an integrated, alternative Federal response to the Midwest flood. These programs have been selected for priority identification in this way because they offer the following characteristics: there is available funding, the assistance is administratively relatively easy to access, and the program delivery is timely, flexible, and effective.

Each strategy could be selected by a local cooperator based on its particular circumstances. Once selected, the strategy could be carried out through a combination of programs administered by one or more Federal agencies. Implementation of these programs in a coordinated way through a plan developed by the local cooperator would reduce flood losses, the mental, physical, and economic toll on towns and farms that have suffered repeated damage, long-term costs to society, and help restore lost or impaired environmental resources.

A matrix is provided to illustrate how various Federal programs can be combined to support these strategies. Following the matrix is a more complete discussion of the three strategies and summaries of the programs that provide information on their objectives, eligibility, cost-sharing requirements, available funding, and other important information.

This pamphlet was prepared by the Office of Management and Budget, within the Executive Office of the President, in cooperation with the various Federal agencies represented in the packages that follow. Corrections or additional information regarding applicable programs should be brought to the attention of Mr. Bruce D. Long at 202-395-4590 or fax 202-395-4652.

ALTERNATIVE WATERSHED PROGRAMS

Agency/Specific Programs	Alternative to Levees		
	Restore Wetlands	Rural Land Easements/ Acquisitions	Relocations/ Floodproofing/ Elevation
Agriculture - ASCS			
Wetlands Reserve Program	X	X	
Emergency Conservation Program	DELETE - NOT RELEVANT		
Water Bank Program	DELETE - NO FUNDING		
Conservation Reserve Program	DELETE - NO FUNDING		
Agriculture - SCS			
Emergency Watershed Protection			X
Watershed Protection and Flood Prevention	DELETE - NO FUNDING		
Agriculture - FHA			
Debt Cancellation Conservation Easements		X	
Transfer of Inventory Real Property	X	X	
Inventory Property Acquisition		X	
Commerce - EDA			
Flood Relief Program			X
Corps of Engineers			
Section 1135 Program (Environmental Restoration)	X		
Section 22 Program (Planning Assistance to States Program)			X
Section 206 Program (Flood Plain Management Services)	X	X	X

ALTERNATIVE WATERSHED PROGRAMS

Agency/Specific Programs	Alternative to Levees		
	Restore Wetlands	Rural Land Easements/ Acquisitions	Relocations/ Floodproofing/ Elevation
DOI - USFWS			
Partners for Wildlife	X		
N. A. Wetland Conservation Fund	X		
Land Acquisition Program		X	
DOI - USNPS			
River and Trails Conservation Program			X
Federal Land Transfer; Federal Land-to-Parks Program			X
Land and Water Conservation State Grants	DELETE- NO FUNDING		
EPA			
Capitalization Grants for State Revolving Funds			X
Clean Water Act Section 319 Grants	X		
Wetlands Protection - State Development Grants	X		
Water Pollution Control - State and Interstate Program Support (Section 10	DELETE - NOT RELEVANT		
FEMA			
Hazard Mitigation Grant Program	X	X	X
Section 1362 Flooded Property Purchase Program		X	
Technical Assistance for Implementing Hazard Mitigation Programs	X	X	X

ALTERNATIVE WATERSHED PROGRAMS

Agency/Specific Programs	Alternative to Levees		
	Restore Wetlands	Rural Land Easements/ Acquisitions	Relocations/ Floodproofing/ Elevation
HUD			
Section 108 Loan Guarantee Program			X
Community Development Block Grant Program			X
SBA			
Physical Disaster Loans and Economic Injury	X		X

FEDERAL PROGRAMS THAT SUPPORT

WETLAND RESTORATION

ALTERNATIVE FEDERAL PROGRAMS FOR THE RESTORATION OF WETLANDS

On August 24, 1993, the Clinton Administration proposed a new policy framework for the protection of wetlands. The importance of this new policy was summarized in the policy statement as follows: "The Nation's wetlands perform many functions that are important to society, such as improving water quality, recharging groundwater, providing natural flood control, and supporting a wide variety of fish, wildlife and plants. The economic importance of wetlands to commercial fisheries and recreational uses is also enormous."

The policy statement also placed the importance of wetlands in the context of lessons learned from the Great Flood of 93: "Many scientists have concluded that past manipulation of the rivers in the Midwest has contributed to the current level of devastation by separating the river channels from their natural floodplains, eliminating millions of acres of additional flood storage capacity. Wetlands within the floodplain and higher in the watershed reduce floods by absorbing rain, snow melt, and floodwaters and releasing it slowly, thereby reducing the severity of downstream flooding."

For these reasons, it is important that we seize the opportunity provided by this great flood to restore wetlands lost to agriculture and other forms of development.

Among the hardest hit by the flood were farmers. Many lost at least one year's crop. The land itself may have been ravaged by flood waters causing the land to be too expensive to farm. The Administration will consider offering farmers, where eligible and where it makes sense economically and environmentally, an opportunity to recover at least a portion of their losses and, at the same time, make a contribution to the natural environment and reduced flooding. The following programs can contribute to the restoration of wetland values by the actual manipulation of land contours, plantings, and routing of water flows. Programs for the acquisition of land or easements on which the wetlands will be placed are described in the next section.

The Administration requested, and Congress provided, language in the emergency supplemental that may provide \$15 million in SCS funds* that would otherwise be used for levee repair to be used instead for wetland restoration in those cases where the cost of levee repair plus land reclamation exceeds the value of the land. This flexibility exists not only for cropland protected by SCS levees. Cropland behind Corps of Engineers levees are also eligible for consideration.

* This is a policy guidance estimate. Most of these funds would be used for purchase of easements as described in the next section. Some portion would, however, be used for actual wetland restoration.

This is not the only program that can be used for this purpose. Additional programs are listed below and described in more detail in the accompanying program descriptions.

State Wetland Program Development

- EPA's "Wetland Protection -- State Development Grants (Funding available -- \$10.3 million)
- EPA's "Clean Water Section 319 (nonpoint source) Grants" (Funding available -- \$81.7 million)

Wetland Restoration Funding

- Department of the Interior's Fish and Wildlife Service "Partners for Wildlife" program (Funding available -- \$3.3 million), the "North American Wetlands Conservation Fund" (Funding available -- \$2 million)
- Army Corps of Engineers "1135" program (Funding available -- \$8.5 million)
- (Land acquisition and easement programs to support wetland restoration are described in the following section.)

If you need further information, an agency point of contact is listed in the program summaries. Agency representatives at the nearest DFO should also be able to provide information.

**FEDERAL PROGRAMS THAT SUPPORT
EASEMENTS OR ACQUISITION**

ALTERNATIVE FEDERAL PROGRAMS FOR RURAL LAND EASEMENTS AND ACQUISITION

In the past farmers have had two choices when farming land that was susceptible to flooding. They could sell their crops in good years and collect crop insurance and/or disaster payments in bad, or they could seek protection in the form of levees, channels, or other structures. Similar decisions were faced by other rural landowners using flood prone lands for production of fruits, timber, or other products.

Neither alternative was ideal either from the landowner's perspective or the government's. The landowner never knew what level of payment he or she would receive from the government when damage was incurred or a crop lost. The government often paid many times as the levee required repair and crops were repeatedly lost. Even if there was no levee, payments would still be made by the government for each lost crop.

The Great Flood of '93 destroyed great stretches of levees and thousands of acres of crops, pasture, and woodland. The question facing landowners and the government today is whether to simply repeat the pattern of past floods by making disaster payments and rebuilding the levees, or whether to embark on a new course of action that will give the landowners some measure of security by making payments for future flood damages and, at the same time, reduce long-term costs to the Federal government.

The alternatives listed below are among those that would support the latter course of action by providing for the purchase of long-term flood or conservation easements or the outright acquisition of property for alternative uses.

Easements

- The Department of Agriculture's Farmer's Home Administration ASCS's "Wetlands Reserve Program (Funding available -- \$67 million), SCS's "Emergency Wetlands Reserve" program (Funding available -- \$15 million), to a lesser extent, conservation authority for FmHA debt restructuring and acquired inventory property (Funding available -- NA)
- Department of the Interior's Fish and Wildlife Service "Land Acquisition" program (Funding available -- \$6-7 million)

Acquisition

- Department of Agriculture's FmHA "Transfer of Inventory Real Property (Funding available -- NA)
- Fish and Wildlife Services "Land Acquisition" program (see above)

- Corps of Engineers' "1135" program (Funding available -- \$8.5 million)

If you need further information, an agency point of contact is listed in the program summaries. Agency representatives at the nearest DFO should also be able to provide information.

**FEDERAL PROGRAMS THAT SUPPORT
FLOOD PROOFING, RELOCATION, OR ELEVATION
OF STRUCTURES**

ALTERNATIVE FEDERAL PROGRAMS FOR FLOOD PROOFING, RELOCATION, AND ELEVATION

Thousands of structures were damaged by the Great Flood of '93, many beyond repair. Some owners will choose to rebuild in place. To the extent that their decision does not entail future Federal damage payments, they should be free to do so. However, from a budget and wise land-use perspective, it may be preferable to modify the structure to reduce or eliminate the flood threat.

This modification may entail relocation outside the floodplain; the structure may actually be moved or the existing structure destroyed and a new one built or purchased to replace its function. Elevation or flood proofing are also viable options in some cases.

The setting in which these actions take place can be as varied as isolated farm structures, commercial facilities, or entire urbanized areas including homes, schools, fire houses, water and waste treatment plants, and hospitals.

There are a number of Federal programs that can assist in the implementation of a decision to relocate. These range from technical assistance in the planning of the action, to actual financial assistance in the form of grants or loans.

However, in order to affect such an action, it may be necessary to utilize more than one program since each was created to serve a specific purpose. Accessing technical assistance in order to prepare a plan and organize local support is an important first step. The various agencies will certainly try to facilitate the coordination of the various programs, but it will not necessarily be easy or quick.

Flood Plain Management Technical Assistance

- FEMA's "Technical Assistance for Implementing Hazard Mitigation" program (Funding available --)
- Army Corps of Engineers Section 22 "Planning Assistance to States" program (Funding available -- \$3 million), and the Section 206 "Flood Plain Management Services Program" (Funding available --)
- Department of the Interior's National Park Service "Rivers and Trails Conservation Program" (Funding available -- \$6.8 million)

Property Acquisition and Relocation Assistance

- FEMA's "Hazard Mitigation Grant Program" (Funding available -- \$27.5 million) and the Section 1362 "Flooded Property Purchase Program" (Funding available -- \$4.7 million)

- Department of the Interior's National Park Service "Federal Land Transfer; Federal Lands-to-Parks (Funding available -- \$.5 million)
- SBA's "Physical Disaster Loans and Economic Injury Disaster Loans" (Funding available --)
- Department of Commerce's "Flood Relief Program" (Funding available -- \$100 million)
- EPA's "Capitalization Grants for State Revolving Funds" (Funding available -- \$1.2 billion)
- HUD (Note: HUD has a number of programs such as its "Single Family Property Disposition Program - Lease of Acquired Properties to Disaster Victims" that, by providing temporary housing assistance, can help homeowners who want to relocate their homes out of the flood plain. HUD can also assist with the disposition of HUD-owned damaged loans through its "Forbearance on HUD-Owned Loans" program. See the attached HUD program descriptions.)

If you need further information, an agency point of contact is listed in the program summaries. Agency representatives at the nearest DFO should also be able to provide information.

DEPARTMENT OF AGRICULTURE

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of Agriculture

Agency: Agricultural Stabilization and Conservation Service

Program Name: Wetlands Reserve Program

Agency Point of Contact:

Lisa Manning	Illinois	(217) 492-4670
Bill Hawks/Ron Manthei	Iowa	(515) 254-1540
Roger Lemons	Kansas	(913) 539-3534
Greg Anderson	Minnesota	(612) 290-3650
Gerald Hrdina	Missouri	(314) 876-0932
Roger Hessman	Nebraska	(402) 437-5277
Robert Mullenbach	North Dakota	(701) 239-5258
Ron Larson	South Dakota	(605) 353-1840
Susan Butler	Wisconsin	(608) 264-5311

Program Function: Provides owners of eligible land an opportunity to offer an easement for purchase by the Secretary of Agriculture and to receive cost-share assistance to restore wetlands.

Applicability: This program is administered by the Agricultural Stabilization and Conservation Service (ASCS) with technical assistance from the Soil Conservation Service (SCS) on wetland designs. SCS, in consultation with the U.S. Fish and Wildlife Service, will determine land eligibility and develop a wetland reserve plan of operation for the acres that are eligible.

Form of Assistance: Financial and technical assistance to restore wetlands.

Program Target: Private landowners.

Total Funding: \$67 million

Eligibility Requirement(s): One-year ownership and be cropped one of the last five years; farmed wetlands, and prior converted wetlands.

Cost-Sharing Requirement(s): Federal government will provide not less than 75 percent cost-share for restoration, plus lump sum payment for easement.

Repayment Requirement(s): None.

Application Procedure(s): Landowner must submit an intention to enter into the program through ASCS field office.

Application Time Line: [NEED AGENCY INPUT. HOW LONG AFTER THE APPLICATION IS APPROVED IS MONEY AVAILABLE?]

Programmatic/Funding Constraint(s): None.

Other Comments: None.

[DELETE - NOT RELEVANT]

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of Agriculture

Agency: Agricultural Stabilization and Conservation Service

Program Name: Emergency Conservation Program

Agency Point of Contact:

Lisa Manning	Illinois	(217) 492-4670
Bill Hawks/Ron Manthei	Iowa	(515) 254-1540
Roger Lemons	Kansas	(913) 539-3534
Greg Anderson	Minnesota	(612) 290-3650
Gerald Hrdina	Missouri	(314) 876-0932
Roger Hessman	Nebraska	(402) 437-5277
Robert Mullenbach	North Dakota	(701) 239-5258
Ron Larson	South Dakota	(605) 353-1840
Susan Butler	Wisconsin	(608) 264-5311

Program Function: Rehabilitate farmland damaged by wind and water erosion, floods, hurricanes, or other natural disasters.

Applicability: This program is administered by the Agricultural Stabilization and Conservation Service (ASCS) with technical assistance from the Soil Conservation Service (SCS). Technical assistance and cost sharing are provided for the restoration of farmland and existing conservation practices damaged by natural disasters such as floods, drought, hurricanes, or tornadoes. SCS provides needed technical assistance for restoring conservation practices.

Form of Assistance: Financial and technical assistance to rehabilitate farmland.

Program Target: Private landowner.

Total Funding: \$30 million

Eligibility Requirement(s): Damage to agricultural land caused by flooding or water erosion.

Cost-Sharing Requirement(s): Federal government will provide 64 percent cost-share.

Repayment Requirement(s): None.

Application Procedure(s): Landowner must apply at ASCS office.

Application Time Line: [NEED AGENCY INPUT. HOW LONG AFTER THE APPLICATION IS APPROVED IS MONEY AVAILABLE.]

Programmatic/Funding Constraint(s): None.

Other Comments: None.

[DELETE - NO FUNDING]

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: The Department of Agriculture

Agency: Agricultural Stabilization and Conservation Service

Program Name: Water Bank Program

Agency POC:

Lisa Manning	Illinois	(217) 492-4670
Bill Hawks/Ron Manthei	Iowa	(515) 254-1540
Roger Lemons	Kansas	(913) 539-3534
Greg Anderson	Minnesota	(612) 290-3650
Gerald Hrdina	Missouri	(314) 876-0932
Roger Hessamn	Nebraska	(402) 437-5277
Robert Mullenbach	North Dakota	(701) 239-5258
Ron Larson	South Dakota	(605) 353-1840
Susan Butler	Wisconsin	(608) 264-5311

Program Function: The Water Bank Program objectives are to preserve, restore, and improve the wetlands of the Nation.

Applicability: The Water Bank Program is administered by the Agricultural Stabilization and Conservation Service (ASCS) through State and county committees with technical assistance from the Soil Conservation Service (SCS). SCS assistance involves identifying eligible wetlands, assisting wetland owners to develop necessary conservation plans, and assisting participants in applying contracted conservation treatment.

Form of Assistance: Technical assistance to protect, improve, or restore eligible wetlands.

Program Target: Private landowners.

Total Funding/\$(mil): None

Eligibility Requirement(s): Type I-VII wetlands.

Cost Sharing Requirement(s): Rental at appropriate rate per acre based on wetland type.

Repayment Requirement(s): If funds from other programs are used during a given year, rental for that year must be repaid.

Application Procedure(s): Landowner must apply for program at ASCS field office.

Application Time Line: Sign-up period.

Programmatic/Funding Constraints(s): Lack of funding.

Other Comments: None.

[DELETE - NO FUNDING]

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of Agriculture

Agency: Agricultural Stabilization and Conservation Service

Program Name: Conservation Reserve Program

Agency Point of Contact:

Lisa Manning	Illinois	(217) 492-4670
Bill Hawks/Ron Manthei	Iowa	(515) 254-1540
Roger Lemons	Kansas	(913) 539-3534
Greg Anderson	Minnesota	(612) 290-3650
Gerald Hrdina	Missouri	(314) 876-0932
Roger Hessamn	Nebraska	(402) 437-5277
Robert Mullenbach	North Dakota	(701) 239-5258
Ron Larson	South Dakota	(605) 353-1840
Susan Butler	Wisconsin	(608) 264-5311

Program Function: The Conservation Reserve Program (CRP) offers long-term rental payments and cost-share assistance to establish permanent vegetative cover on cropland that is highly erodible or contributing to a serious water quality problem.

Applicability: The CRP is administered by the Agricultural Stabilization and Conservation Service with technical assistance from the Soil Conservation Service (SCS). SCS provides technical assistance to make land eligibility determinations, develop conservation plans on accepted acres, and assist with implementation and vegetation establishment and maintenance.

Form of Assistance: Long-term rental payments and technical assistance to establish permanent vegetative cover on cropland.

Program Target: Individual landowner.

Total Funding: None.

Eligibility Requirement(s): None.

Cost-Sharing Requirement(s): None.

Repayment Requirement(s): None.

Application Procedure(s): None.

Application Time Line: None.

Programmatic/Funding Constraint(s): None.

Other Comments: None.

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of Agriculture

Agency: Soil Conservation Service

Program Name: Emergency Watershed Protection

Agency Point of Contact:

Lyle W. Asell	Iowa	(515) 284-4260
Gary N. Parker	Illinois	(217) 398-5271
Delbert E. Prophet	Kansas	(913) 823-4568
Jon V. DeGroot	Minnesota	(612) 290-3677
Michael D. Wells	Missouri	(314) 876-0900
Kenneth E. Noonan	Nebraska	(402) 437-5302
Ronald D. Sando	North Dakota	(701) 250-4441
E. Leroy Holtsclaw	South Dakota	(605) 353-1783
Robert W. Martin	Wisconsin	(608) 264-5578

Program Function: Emergency Watershed Protection (EWP) assistance is provided to reduce hazards to life and property in watersheds damaged by severe natural events. Extraordinary authority was included in the Emergency Supplemental that allows funds to be used for the purchase of wetland easements when the cost of levee repair plus land reclamation exceeds the value of the land.

Applicability: An emergency is considered to exist when a watershed is suddenly impaired by flood, fire, drought, or other natural causes which result in life and property being endangered by flooding, erosion, or sediment discharge.

There are two broad types or degrees of emergency situations with different Federal cost-share rates and time constraints for obligating funds and completing work:

1. Exigency - an imminent situation of unusual emergency.
2. Nonexigency - an emergency requiring action, but of less urgency than an imminent situation.

Form of Assistance: Financial and technical assistance for (1) levee reconstruction/wetland restoration and (2) emergency runoff retardation and soil erosion prevention to safeguard life and property.

Program Target: Public or private landowners, land managers, land users, or others who have a legal interest in or responsibility for the values threatened by a watershed emergency.

Total Funding: \$60 million.

Eligibility Requirement(s): Applicants must have insufficient funds or other resources available to provide relief from the hazards. Applicants must be represented by a project sponsor who has legal authority. Sponsors must agree to obtain land rights, water rights, permits, and provide for the operation and maintenance of completed emergency measures.

Cost-Sharing Requirement(s): Federal funds may cover 75 percent of the construction costs of eligible measures. In cases of extreme hardship, Federal funds may provide up to 100 percent of the cost.

Repayment Requirements(s): None.

Application Procedures(s): Sponsors may apply to any Soil Conservation Service office (SCS) for EWP assistance. SCS will help sponsors prepare their applications. Information supplied should include the nature, location, and scope of the problems and the assistance needed.

Application Time Line: None.

Programmatic/Funding Constraint(s):

Programmatic: Emergency funds must not be used to perform normal operation or maintenance or to solve watershed problems that existed before the disaster-causing event. Emergency funds must not be used to repair, rebuild, or maintain private or public transportation facilities, public utilities, public aid highways, or similar facilities.

Funding: Exhaustion of program funds.

Other Comments: None.

[NEED AGENCY INPUT. THIS DISCRIPTION MKUST BE MODIFIED TO REFLECT SPECIAL AUTHORITY (WETLANDS) PROVIDED IN EMERGENCY SUPPLEMENTAL.]

[DELETE - NO FUNDING]

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: The Department of Agriculture

Agency: Soil Conservation Service

Program Name: Watershed Protection and Flood Prevention

Agency POC:

Lyle W. Asell	Iowa	(515) 284-4260
Gary N. Parker	Illinois	(217) 398-5271
Delbert E. Prophet	Kansas	(913) 823-4568
Jon V. DeGroot	Minnesota	(612) 290-3677
Michael D. Wells	Missouri	(314) 876-0900
Kenneth E. Noonan	Nebraska	(402) 437-5302
Ronald D. Sando	North Dakota	(701) 250-4441
E. Leroy Holtsclaw	South Dakota	(605) 353-1783
Robert W. Martin	Wisconsin	(608) 264-5578

Program Function: The objectives of the Watershed Protection and Flood Prevention Program, authorized by Public Law 83-566, are to provide technical and financial assistance in planning and carrying out works of improvement to protect, develop, and utilize the land and water resources in small watersheds under 250,000 acres in size.

Applicability: The Watershed Protection and Flood Prevention Act defines its purposes to be watershed protection, flood prevention, and agricultural and nonagricultural water management. Conservation land treatment, structural, and nonstructural measures are used to address these purposes. Application of conservation land treatment measures to upstream watersheds is the main feature that separates this program from others. The program emphasizes planning through interdisciplinary teams which include the sponsors, other agencies, and environmental groups in all stages of plan development.

Form of Assistance: Financial and technical assistance to local organizations for planning and carrying out watershed projects.

Program Target: Local organizations representing the people living in small watersheds.

Total Funding/\$(mil): None.

Eligibility Requirement(s): Watershed projects must address one or more of the purposes authorized by Public Law 83-566 to solve

problems and needs that are beyond the capability of individual landowners. Projects must be sponsored by entities legally organized under State law, or any Indian tribe or tribal organization, having authority to carry out, operate, and maintain works of improvement. For plans that incorporate structural or nonstructural measures, sponsors must have the power of eminent domain and the authority to levy taxes or use other adequate funding sources to finance their share of the project cost and all operation, maintenance, and replacement costs of works of improvement.

Cost Sharing Requirements(s): Cost-share rates depend upon the type of measure (land treatment, nonstructural, or structural) and for structural measures, the purpose to which the cost is allocated. Cost sharing for land treatment may not exceed the level of other existing national programs. Construction costs for flood prevention projects are cost shared at 100 percent Federal.

Repayment Requirements(s): None.

Application Procedure(s): Sponsors must follow State-developed procedures for coordination of proposed Federal financial assistance and must notify the State's Single Point of Contact for Federal Assistance of their intent to apply for assistance under Public Law 83-566. The original and one copy should be sent to the designated State agency and one copy to the State's Single Point of Contact for Federal Assistance. An application must be approved by the designated State agency.

Application Time Line: [NEED AGENCY INPUT. HOW LONG AFTER APPLICATION IS APPROVED IS MONEY AVAILABLE]

Programmatic/Funding Constraint(s): A watershed or subwatershed area may not exceed 250,000 acres. No structure providing more 12,500 acre-feet of floodwater detention capacity or more than 25,000 acre-feet of total capacity may be included in a plan. Each project must contain benefits directly related to agriculture, including rural communities, that account for at least 20 percent of the total benefits of the project. Project sponsors must be willing to carry out all phases of project installation, operation, and maintenance and have the financial ability for meeting their full responsibilities with relation to the project. Funds must be available for project installation.

Other Comments: None.

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of Agriculture

Agency: Farmers Home Administration

Program Name: Debt Cancellation Conservation Easements

Agency Point of Contact:

James P. Fortner	National Office	(202) 720-1976
Wallace D. Furrow	Illinois	(217) 398-5235
Ellen Huntoon	Iowa	(515) 284-4663
William M. Kirk	Kansas	(913) 271-2700
Lou Anne Kling	Minnesota	(612) 290-3842
Gary L. Fisch	Missouri	(314) 876-0976
Stanley E. Foster	Nebraska	(402) 437-5551
Charles F. Mertens	North Dakota	(701) 250-4781
Dallas Tonsager	South Dakota	(605) 353-1430
Bryce E. Luchterhand	Wisconsin	(715) 345-7600

Program Function: To reduce the debt of delinquent and non-delinquent borrowers in exchange for conservation easements placed on environmentally sensitive real property that secures FmHA loans.

Applicability: FmHA borrowers with Farmer Programs loans which are secured by real property.

Form of Assistance: FmHA can forgive debt in exchange for conservation easements on environmentally sensitive portions of a borrower's property. A conservation easement may be obtained for a period of not less than 50 years. A perpetual easement will usually be recommended.

Program Target: Individual land owners.

Total Funding: Since the funding required to establish debt cancellation conservation easements already exists in FmHA's loan portfolio, no additional funds are needed. The amount credited to an FmHA borrower will be applied on their loan(s) as an extra payment in order of lien priority on the security.

Eligibility Requirement(s): Both current and delinquent FmHA borrowers are eligible to participate in the debt restructuring conservation easement program. The borrowers must have loans secured by real estate. The easements can be established for conservation, recreational, and wildlife purposes on farm property that is wetland, wildlife habitat, upland, or highly erodible land. Non-program borrowers are not eligible to participate in this program.

Cost-Sharing Requirement(s): None.

Repayment Requirement(s): Except as necessary to meet the requirements stated in the easement, the landowner is not obligated to take any action or to incur any expense related to the maintenance or restoration of the easement area. In the event of violations of terms and conditions of the easement, the enforcement or management authorities may utilize such administrative, civil, or criminal remedies as may be available under applicable law. The landowner may be liable for the costs of enforcing the terms and conditions of the easement including litigation expenses, and repair or restoration of the easement area.

Application Procedure(s): Interested borrowers should contact their local FmHA County Office. The County Supervisor will assist the borrower in the application process. The County Supervisor will determine whether or not the borrower is eligible to receive an easement. If there is some reason that the easement cannot be granted, then the borrower will be notified of the adverse action and given appeal rights. If there are any prior or junior lienholders, their consent to the terms of the easement must be obtained in writing by the borrower. If it is not possible to obtain the lienholders' consent, the easement will be denied and the borrower so informed. The borrower will have no appeal rights for an FmHA denial on this basis. A professional survey of the easement's boundaries will be required and will be provided for by FmHA.

Application Time Line: The estimated time from application to the completion of the easement process is 60-90 days. The length of time which is required to perform functions such as appraisals, surveys, and title opinions will have a direct impact on the time required to complete the easement process.

Programmatic/Funding Constraints: None.

Other Comments: Exchanging conservation easements for debt reduction could provide an economical mechanism to establishing floodplain and watershed protection measures that will reduce damage and damage payments caused by similar flood events in the future. Establishment of conservation easements may be viewed as economically and environmentally preferable to repairing flood-damaged farm lands. Therefore, before disaster assistance funds are expended on repair of damaged farmland that secures FmHA loans, the landowner should be apprised of the opportunity to reduce their FmHA debt in exchange for conservation easements.

MIDWEST FLOOD RECOVERY PROGRAM
DEPARTMENT AND AGENCY
ALTERNATIVES TO REPAIR AND RESTORE LEVEES
AND OTHER REPAIR AND RESTORATION ACTIONS

Department: Agriculture

Agency: Farmers Home Administration

Program Name: Transfer of Inventory Real Property

Program description: The Farmers Home Administration (FmHA) makes and services farm ownership and operating loans to farmers and ranchers under provisions of the Consolidated Farm and Rural Development Act (Con Act) (7 U.S.C 1921 *et seq.*). FmHA typically provides loans to farmers and ranchers who are unable to obtain credit elsewhere. FmHA acquires real property through foreclosure and borrower voluntary conveyance actions on defaulted real estate loans. In many instances, FmHA provides financing to farmers who purchase inventory properties. Section 354 of the Con Act authorizes FmHA to transfer, without reimbursement, these inventoried properties to state and Federal agencies for conservation purposes.

Program Implementation guidance: To date, FmHA has approved the transfer of nearly 300 properties to state and Federal agencies for conservation purposes, encompassing over 95,000 acres of environmentally sensitive lands. These properties are not suited for continued agricultural use; wetlands and other natural resources on these properties have been restored or are in the process of being restored. FmHA should consider transferring all eligible inventory farm properties in the flood region to state and Federal conservation agencies for the purpose of restoring/establishing wetlands and other natural floodplain habitats. This would provide a very cost-effective means of establishing floodplain and watershed protection measures necessary to reduce damage caused by similar events in the future. In addition, transferring these properties and dedicating them to permanent conservation use is more economically and environmentally sensitive than selling these properties for continued farming, subject to future flood-related problems. Furthermore, before disaster assistance funds are expended to repair damaged inventory properties, transfer for conservation purposes should be considered.

Since FmHA already owns all interest in its inventory property, no additional funds are necessary to effect fee transfers for conservation purposes. By transferring these properties for conservation purposes, FmHA will not need to make additional loans on many properties that are not suited for continued agricultural use.

Budgetary resources that are or could be made available:
(BA in millions of dollars)

FY93	FY93 Emergency Supplemental	FY94
Direct	<u>Direct</u> <u>Contingency</u>	Likely
<u>Approp.</u>		<u>Approp.</u>

Comments on resources:

[Rework by Agency]

MIDWEST FLOOD RECOVERY PROGRAM
DEPARTMENT AND AGENCY
ALTERNATIVES TO REPAIR AND RESTORE LEVEES
AND OTHER REPAIR AND RESTORATION ACTIONS

Department: Agriculture

Agency: Farmers Home Administration

Program Name: Inventory Property Acquisition

Program description: The Farmers Home Administration (FmHA) makes and services farm ownership and operating loans to farmers and ranchers under provisions of the Consolidated Farm and Rural Development Act (Con Act) (7 U.S.C 1921 *et seq.*). These loans are typically provided to farmers and ranchers who are unable to obtain credit elsewhere. FmHA periodically acquires real property through foreclosure and borrower voluntary conveyance actions on defaulted real estate loans. These properties are typically sold back to farmers and ranchers subject to perpetual conservation easements placed on wetlands and floodplains in accordance with statutory and other affirmative requirements. The Con Act requires FmHA to reduce the sale price of inventory properties due to the establishment of wetland conservation easements. The amount reduced essentially reflects FmHA's estimate of the value of lost land use options on the anticipated easement areas. As a consequence of this Con Act requirement, FmHA is likewise reducing their bids for properties at foreclosure sales. As a result, fewer properties are obtained, fewer easements established and the government is able to retain fewer assets in failed loans.

Program Implementation guidance: In recognition of the public trust resource value of conservation easements reserved by the government on inventory properties, FmHA should appraise properties prior to acquisition such that the potential for easements does not reduce the property value. Under this scenario, the government is able to retain asset value in failed loans and protect and restore wetlands and floodplain values in the flood area through the inventory disposal process.

Budgetary resources that are or could be made available:
(BA in millions of dollars)

No additional funds are necessary; implementation of this action maximizes use of funds already existing in FmHA's loan portfolio.

FY93
Direct
Approp.

FY93 Emergency Supplemental
Direct Contingency

FY94
Likely
Approp.

DEPARTMENT OF COMMERCE

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: U.S. Department of Commerce

Agency: Economic Development Administration (EDA)

Program Name: Flood Relief Program

Agency Point of Contact:

Alfred L. Casals	Illinois	(217) 492-4224
Jack D. Price	Wisconsin	(715) 834-4079
John B. Arnold, III	Minnesota	(218) 720-5326
John Zender	Kansas	(303) 844-4902
Warren A. Albertson	Nebraska	(605) 224-8280
	South Dakota	
Forrest E. Koch	Missouri	(314) 539-2321
Robert Cecil	Iowa	(515) 284-4746
Cornelius P. Grant	North Dakota	(701) 250-4321

Program Function: Make grant awards to assist communities, industries, and firms adversely impacted by the Midwest floods and other disasters to assist in the long-term economic recovery of the affected area.

Applicability: EDA's recovery strategy is directed toward (1) initially providing disaster flood coordinator grants to help organize and mobilize the local response capabilities and to assist in the preparation of recovery strategies, (2) awarding economic recovery strategy grants to help local communities develop a comprehensive recovery plan and follow-on implementation projects, and (3) awarding implementation project grants. EDA anticipates a broad array of implementation project proposals and will give priority to those proposals which have greatest impact to enhance the commercial/industrial base of the affected area. EDA will also consider grant awards to respond to emergency infrastructure needs in advance of a final economic recovery strategy for the area; these grant awards would respond to unmet needs for public infrastructure improvements or alternative projects that are not adequately addressed by FEMA or other Federal agencies.

Form of Assistance: Grants for economic recovery planning, technical assistance, and construction of infrastructure.

Program Target: State, sub-State planning areas, local governments to help mitigate the dislocation to the economic base of the area.

Total Funding: \$200 million

Eligibility Requirements: States, units of local government, and certain non-profit organizations (i.e., community organizations) are eligible recipients; private for-profit entities are not eligible for EDA grants. Special economic adjustment grant funds may be redistributed as subgrants to other entities; they may not be redistributed (except as loans) to for-profit entities.

Cost-Sharing Requirements:

- Economic adjustment grants - 75 percent Federal/25 percent Local Match
- Technical assistance grants - 75 percent Federal/25 percent Local Match
- Public Works direct grants - 80 percent Federal/20 percent Local Match

Repayment Requirements(s): None.

Application Procedures(s): Following a review of project proposals, EDA will invite entities whose projects are selected for consideration to submit applications; the Application will include a Form SF-424, as approved by OMB Control No. 0348-0043.

Application Time Line:

- Planning and technical assistance grants - 60 days
- Economic adjustment grants (non-construction) - 60 days
- Economic adjustment grants (construction) - 120 days
- Public Works construction grants - 120 days
(from receipt of application by EDA)

Programmatic/Funding Constraints(s): Emergency Supplemental Program funds are available to EDA through September 30, 1995.

Other Comments: Through the mechanism of the Inter-agency Task Force for Flood Disaster Assistance, EDA will coordinate with other agencies at the program level and at headquarters to expedite efforts to eliminate program duplication. EDA will continue to coordinate program activity with other agencies within Commerce through existing mechanisms already in place.

Additional information is available in the Federal Register dated Monday, January 11, 1993 (pp. 3800-3813), copy of cover sheet attached.

Monday
January 11, 1993

Federal Register

Part IV

Department of Commerce

Economic Development Administration

Economic Development Assistance Programs; Appropriations, 1993; Notice of Funds Availability

U.S. ARMY CORPS OF ENGINEERS

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of Defense

Agency: U.S. Army Corps of Engineers

Program Name: Section 1135 of the 1986 Water Resources Development Act, as amended

Agency Point Of Contact:

Dudley Hanson	Illinois	(309)788-6361
Louis Kowalski	Minnesota	(612)220-0307
Owen Dutt	Missouri	(314)331-8451
Mike Bart	Missouri	(816)426-3671
Ken Cooper	Nebraska	(402)221-7267

Program Function: To modify the structures or operations of water resource projects constructed by the Corps of Engineers (Corps) for the purpose of habitat restoration.

Applicability: This program can be used to restore historic wetlands in the flood area, provided the work involves modification of a water resources project constructed by the Corps. Examples of the types of projects which may be considered include installation of gated culverts in Corps levees, opening oxbows cutoff by Corps levees or navigation features, or realignment of a levee to allow areas between the levee and the channel to revert to historic floodplain habitat.

Form of Assistance: Direct funding to the Corps who contract for the work to be accomplished.

Program Target: State or local governments which operate and maintain Corps constructed projects.

Eligibility Requirement(s): Local sponsor required.

Total Funding: \$8.5 million

Cost-Sharing Requirement(s): The non-Federal share of the cost is 25 percent of the study and implementation, which includes any necessary lands, easements, rights-of-way, relocation, and/or disposal areas. Work-in-kind is not credited. The non-Federal sponsor is also responsible for 100 percent of the incremental operation and maintenance costs.

Repayment Requirement(s): None

Application Procedure(s): Potential project sponsors may contact the appropriate Corps district office to discuss S. 1135

opportunities. There is no application procedure. If the project appears eligible, the Corps district office would provide preliminary information through Corps channels for review and approval of funding for report preparation. At that time, or shortly thereafter, a letter of intent indicating that the sponsor understands the process and cost-sharing requirements would be required prior to carrying out the feasibility study. Upon completion, the feasibility report would be submitted to Washington for review and implementation approval. Prior to construction, the non-Federal sponsor and the Corps would sign a Local Cooperation Agreement, (a contract) which specifies the funding and other requirements necessary for the project. The non-Federal sponsor would assume responsibility for the operation and maintenance of the completed Section 1135 project.

Application Time Line: Depending on the size and complexity of the project modification, the initial studies may take as long as 2 years, preparation of a final design may take an additional year and 1 or 2 years may be required for construction. The Corps is initiating a streamlined procedure to expedite Section 1135 projects in the Midwest flood area. The goal is to begin construction within one year of initiation of the feasibility study. Potential projects are currently being identified.

Programmatic/Funding Constraint(s): Section 1135 projects are normally limited to \$5 million per modification. The program limit is \$25 million in annual appropriations.

Other Comments: Levee districts and other public agencies with taxing authority normally serve as project sponsors. Private interests may qualify if there will be no requirement for future operation and maintenance of the Section 1135 modification. Large national nonprofit environmental organizations, such as Ducks Unlimited or the Nature Conservancy, also qualify as sponsors.

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of Defense

Agency: U.S. Army Corps of Engineers

Program Name: Section 22 of the 1974 Water Resources Development Act, as amended (Planning Assistance to States Program)

Point of Contact:

Dudley Hanson	Illinois	(309) 788-6361
Louis Kowalski	Minnesota	(612) 220-0307
Owen Dutt	Missouri	(314) 331-8451
Mike Bart	Missouri	(816) 426-3671
Ken Cooper	Nebraska	(402) 221-7267

Program Function: Provides for technical assistance to States and Federally recognized Indian tribes in the preparation of plans for the development, utilization, and conservation of water and related land resources.

Applicability: This program uses the Corps of Engineers (Corps) water resources expertise to support the states and Indian tribes in their comprehensive planning for the development, utilization, and conservation of water and related land resources. Typical activities studied under this Program are flood control, water supply, water conservation, water quality, hydropower, erosion, navigation, and methodologies to evaluate wetlands or other resources.

Form of Assistance: Cost-shared studies with a non-Federal sponsor.

Program Target: State and local governments and Federally recognized Indian tribes.

Total Funding: \$3 million

Eligibility Requirement(s): None.

Cost-Sharing Requirement(s): The non-Federal share of the costs shall be approximately 50 percent. In-kind services are not authorized.

Repayment Requirements(s): None.

Application Procedure(s): Each fiscal year, States and Indian tribes coordinate with the appropriate Corps Divisions and Districts to develop a priority listing of studies.

Application Time Line: Studies are funded based on the priority list for each State or Indian tribe, within the limits of available appropriations and subject to the Federal funding limitation and execution of a cost-sharing agreement. Depending on complexity, studies could be completed within several months or up to a year or more.

Programmatic/Funding Constraint(s): Federal participation limited to \$300,000 per State or Indian tribe, per year, and further constrained by available appropriations.

Other Comments: . None.

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of Defense

Agency: U.S. Army Corps of Engineers

Program Name: Section 206 of the 1960 Flood Control Act, as amended (Flood Plain Management Services Program)

Agency Point Of Contact:

Dudley Hanson	Illinois	(309)788-6361
Louis Kowalski	Minnesota	(612)220-0307
Owen Dutt	Missouri	(314)331-8451
Mike Bart	Missouri	(816)426-3671
Ken Cooper	Nebraska	(402)221-7267

Program Function: Provides for the furnishing of flood plain information and technical assistance to States, counties, and cities for prudent use of land subject to flooding from streams, lakes, and oceans.

Applicability: This program uses the Corps of Engineers (Corps) water resources expertise to provide information and studies on flood related problems to appropriate state and local governments. Examples include: developing and interpreting flood and flood plain data such as flood hazard mapping; providing a broad assessment of the impact of structural and nonstructural flood damage reduction measures; providing technical assistance on flood proofing systems and techniques; and assessing the possible impacts of land use changes on the physical, socio-economic and environmental conditions of the flood plain.

Form of Assistance: Technical assistance to State and local governments.

Program Target: Individuals, businesses, State and local governments.

Total Funding: \$7.6 million

Eligibility Requirement(s): Technical assistance and planning guidance is provided upon request, to State and local governments, other Federal agencies, and private persons, within the limits of available appropriations.

Cost Sharing Requirement(s): Section 206, as amended, provides for technical assistance and planning guidance to State and local governments without charge. Costs for implementation of any proposed measures is 100 percent non-Federal. The Corps must

recover approximately 100 percent of the cost of services provided to other Federal agencies and private persons.

Repayment Requirements(s): None.

Application Procedure(s): Written requests for services should be sent directly to the appropriate Corps representatives noted above.

Application Time Line: Requests are generally honored on a first-come-first-served basis, within the limits of available appropriations. Requests for available data could be provided within a few days of receipt of a request. More detailed investigations, which include development of new data or evaluation of existing data, could require from a week up to several months to complete.

Programmatic/Funding Constraint(s): Funds are allocated based on projected needs and capabilities. Funding of Section 206 technical assistance for the five Districts averaged \$185,000 for FY 1993. Section 206 efforts are not a substitute for other Corps Planning programs. Program managers are instructed to evaluate requests for applicability to other Corps programs prior to initiation of work.

Other Comments: None.

DEPARTMENT OF THE INTERIOR

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of the Interior

Agency: U.S. Fish and Wildlife Service

Program Name: Partners for Wildlife

Agency Point of Contact:

Tom Groutage	Illinois	(618) 997-5491
Jim Munson	Iowa	(515) 994-2415
Dave Wiseman	Kansas	(316) 392-5553
Lance Kuester	Minnesota	(612) 253-4682
Jerry Brabander	Missouri	(314) 876-1911
Kenny Dinan	Nebraska	(308) 382-6468
Kevin Willis	North Dakota	(701) 250-4418
Carl Madsen	South Dakota	(605) 697-2500
Eldon McLaury	Wisconsin	(608) 264-5469

Program Function: Provides financial and technical assistance to private landowners interested in restoring wetlands and riparian habitats on their land. The program uses a non-acquisition approach to voluntary habitat restoration on private lands.

Applicability: Landowners in the watershed receive, on a voluntary request basis, technical and financial assistance to restore as many of the 21,000,000 acres of drained wetlands in the watershed as possible, as well as provide assistance in restoring floodplain habitats.

Form of Assistance: Grants and Technical Assistance.

Program Target: Individual land owners, businesses, local government.

Total Funding: \$3.3 million

Eligibility Requirement(s): Landowners enter into a binding agreement with the U.S. Fish and Wildlife Service to restore and protect the site. At a minimum, agreements are for 10 years, however, landowners with intentions to protect the area perpetually are given higher priority for funding. The program is targeted at restoring wetlands and riparian (streamside), and instream habitats.

Cost-Sharing Requirement(s): The cost sharing is negotiated. The U.S. Fish and Wildlife Service can cost share with the Agricultural Stabilization and Conservation Service, State Agencies, Conservation Organizations, etc., on the same

restoration projects. With multiple cost-sharers, the landowner's expenditures can be minimized.

Repayment Requirement(s): If the landowner decides to return the restoration site to its prior agricultural use prior to the expiration of the cooperative agreement, the landowner must refund contribution to the project.

Application Procedure(s): Contact the State Coordinator, who arranges for a site visit and plan development (often working closely with the local Soil Conservation Service representative).

Landowner then applies for cost sharing. If approved, landowner implements restoration plan. Service verifies project completion and then issues a check to the landowner for the agreed-upon cost sharing.

Application Time Line: All projects submitted by early in the fiscal year (which runs from October 1 - September 30) stand a better chance at receiving funding than projects submitted late in the year. Financing generally available in less than 6 months when application is approved.

Programmatic/Funding Constraints: Funding is single-year funding. Multiple-year projects must reapply each year for additional funding.

Other Comments: In the disaster States, the Partners for Wildlife Program has assisted almost 2,000 landowners in projects that have restored over 65,000 acres of small wetlands.

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of the Interior

Agency: U.S. Fish and Wildlife Service

Program Name: North American Wetland Conservation Fund

Agency Point Of Contact:

Jim Leach
Bob Streeter

USFWS
USFWS

(612) 725-3313
(703) 358-1784

[NEED AGENCY INPUT. NAMES/PHONE NUMBERS/STATE FOR STATE REPS]

Program Function: Provides Federal cost-share funding to stimulate public-private partnerships to protect, restore, and manage a diversity of wetland habitat for migratory birds and other wildlife. Also helps maintain the proper distribution and abundance of migratory birds. The program provides matching grants for protection and restoration of wetland ecosystems in the United States, Canada, and Mexico.

Applicability: Program emphasizes public/private partnerships to protect and restore wetland habitats.

Form of Assistance: Grants.

Program Target: Individuals, businesses, State and local governments.

Total Funding: \$2 million in the mid-west.

Eligibility Requirement(s): Any agency, group, or individual involved in the acquisition, restoration, enhancement, and management of wetland ecosystems and other habitat for migratory birds and other fish and wildlife.

Cost-Sharing Requirement(s): At least 1:1 match of non-Federal dollars.

Repayment Requirement(s): None.

Application Procedure(s): Submit grant application to the North American Waterfowl and Wetlands Office, 4401 N. Fairfax Drive, Room 110, Arlington, VA.

Application Time Line: U.S. Grant proposals are due April 15 and August 15.

Programmatic/Funding Constraint(s): There are many more worthy project proposals than can be funded.

Other Comments: None.

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of the Interior

Agency: U.S. Fish and Wildlife Service

Program Name: Land Acquisition Program

Agency Point of Contact:

Ralph Morgenweck	Kansas	(303) 236-7920
	Nebraska	
	North Dakota	
Sam Marler	Illinois	(612) 732-3563
	Iowa	
	Minnesota	
	Missouri	
	Wisconsin	

Program Function: To purchase lands and permanent conservation easements for inclusion in the National Wildlife Refuge System.

Applicability: The sale of wetlands to the Federal government is an alternative to cropping flooded fields and swales. The acquisition program complements the Wetland Reserve Program because existing habitats and lands without cropping history may be eligible. The Service has procedures for acquiring lands and relocating landowners.

Form of Assistance: Direct purchase of lands and easements.

Program Target: Individual landowners, businesses, and local governments.

Total Funding: \$6.5 million

Eligibility Requirement(s): Lands with high natural resource values, approved by the Director of the U.S. Fish and Wildlife Service, Secretary of the Interior, and Congress.

Cost-Sharing Requirement(s): Costs associated with operations and maintenance on easement lands are borne by the landowner.

Repayment Requirement(s): None.

Application Procedure(s): Contact the Regional Director. An eligibility determination is then made. If eligible, the land is appraised and checked for National Environmental Policy Act compliance.

Application Time Line: [NEED AGENCY INPUT, HOW LONG AFTER THE APPLICATION IS APPROVED IS MONEY AVAILABLE?]

Programmatic/Funding Constraints: Acquisition of the property must be specifically authorized by Congress.

Other Comments: The Service may explore the possibility of acquiring valuable fish and wildlife habitat from willing sellers. The purchase of lands and easements within the floodplain and watershed could reduce future flood risk. Such risk reduction could be via acquisition of flood-prone lands or lands that have potential for wetland restoration.

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of the Interior

Agency: National Park Service

Program Name: Rivers and Trails Conservation Program

Agency Point Of Contact:

Chris Brown

(202) 343-3758

[NEED FIELD INPUT. NAMES/STATE/PHONE # FOR FIELD REPS]

Program Function: Program provides technical assistance to communities for river and trail corridor planning and open space preservation efforts. Program personnel are acknowledged experts in facilitating cooperative planning efforts; projects are all based on substantial involvement of varied community interests.

Applicability: Initiate consulting relationship with interested communities to help them identify non-structural options and set goals. Targeted NPS assistance with grassroots planning can help communities make informed choices, based upon consensus, about future growth and development that will help avoid future flood losses.

Form of Assistance: Technical assistance.

Program Target: State and local governments and Not-For Profit groups.

Total Funding: \$6.8 million

Eligibility Requirement(s): State-Local and public-private partnerships are required.

Cost-Sharing Requirement(s): None.

Repayment Requirement(s): None.

Application Procedure(s): Contact WASO [WHAT IS WASO ??] or NPS Regional Office. Formal application is prepared with NPS assistance after consultation.

Application Time Line: Applications for projects to begin October 1, 1993, and must be submitted by July 1, 1994. [NEED AGENCY INPUT. HOW LONG AFTER APPLICATION IS APPROVED IS GRANT AVAILABLE ?]

Programmatic/Funding Constraint(s): General limit of \$60,000/Project per year to provide technical assistance.

Other Comments: None.

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of the Interior

Agency: National Park Service

Program Name: Federal Land Transfer; Federal Lands-to-Parks
Program

Agency Point of Contact:

Wendy Ormont (202) 343-3759
[NEED AGENCY INPUT. NAMES, PHONE #, STATE OF FIELD REPS.]

Program Function: To encourage the establishment of public park and recreation opportunities. To identify, assess, and transfer available surplus Federal real property for acquisition for State and local parks and recreation, such as open space, and to advise disposing agencies of local resource conservation interests. Maintain oversight on transferred lands to ensure continued public safety, access, and use for parks and recreation.

Form of Assistance: Technical Assistance

Program Target: State and local governments.

Total Funding: \$498,000

Eligibility Requirement(s): Applicant must be State or local government.

Cost Sharing Requirement(s): Varies; possible contribution of land transfer expenses.

Repayment Requirement(s): None.

Application Procedure(s): Letter of request to NPS Director or Regional Director. For actual property transfer, a written application is required. [NEED AGENCY INPUT. WHERE CAN APPLICATIONS BE OBTAINED; WHO ARE THEY SENT TO ?]

Application Time Line: [NEED AGENCY INPUT.]

Programmatic/Funding Constraint(s): Transfers can only be made to State & local agencies [AGENCY OR GOVERNMENT ??].

Other Comments: None.

[DELETE - NO FUNDING]

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Department: Department of Interior

Agency: National Park Service

Program Name: Land and Water Conservation State Grants
(Contingency Fund Grants)

Agency Point Of Contact: Mike Rogers Phone: (202) 343-3700

Program Function: Land and Water Conservation Fund (L&WCF) grants are administered by recreation grant offices of the National Park Service under authority of Section 8 of 16 U.S.C. 4601, the L&WCF Act of 1965. The program makes matching grants (50 percent) to State and local Governments for parkland acquisition and for development of outdoor recreation facilities, including facility rehabilitation or redevelopment. There have been over 36,000 L&WCF grants totaling some \$3.1 billion since 1965. However, priorities for where money will be spent are set first through a State-by-State apportionment formula in the Act and then by States, based on their own plans and priorities, so that it is usually not possible for the Federal Government to direct funds for specific emergency needs. The exception to this in the past has been the Secretary's contingency fund, a set aside of a small percent of the annual funding total which can be used for competitive funding of projects on a nationwide basis without regard to the usual state allocation formula. Contingency fund grants have been used successfully for emergency relief in the past, as for rehabilitation of recreation facilities damaged by Hurricane Agnes in the 1970's. Since 1981, simultaneous with overall cutbacks, there have been no Contingency grants.

Applicability: L&WCF grants could contribute ONLY if there were a special appropriation for Contingency Fund grants in 1994. With such special authority, grants could be targeted to specific disaster areas (localities or states) for parkland acquisition priorities favoring those projects that provide the best non-structural alternatives to flood prevention/future damage reduction.

Form of Assistance: Grants

Program Target: State and local governments.

Total Funding: None.

Eligibility Requirement(s): State or General purpose local Governments are eligible to use grants for parkland acquisition or outdoor resource development.

Cost Sharing Requirement(s): 50 percent matching.

Repayment Requirement(s): None.

Application Procedure(s): Apply to cooperating State official. See "State Liaison Officer" list in 1993 catalog of FDA.

Application Time Line: 4 weeks to 6 months, depending on State.

Programmatic/Funding Constraints: Grantees must guarantee appropriate public access for recreation and permanent maintenance of assisted areas in public recreation/conservation uses.

ENVIRONMENTAL PROTECTION AGENCY

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Agency: Environmental Protection Agency

Program Name: Capitalization Grants for State Revolving Funds
(State Revolving Fund)

Agency Point of Contact:

Jim Wheeler

(202)260-5827

[NEED AGENCY INPUT. NAME/STATE/PHONE# OF FIELD REPS]

Program Function: Build or relocate wastewater treatment plants.

Applicability: [NEED AGENCY INPUT]

Form of Assistance: Loan.

Program Target: Local governments.

Total Funding: \$1.2 billion

Eligibility Requirement(s): [NEED AGENCY INPUT]

Cost-Sharing Requirement(s): [NEED AGENCY INPUT]

Repayment Requirement(s): 100 percent plus interest (below market rate).

Application Procedure(s): Every State is different, but each State has a designated SRF agency. The municipality applies to that agency.

Application Time Line: 30- to 60-day accelerated timeline is feasible.

Programmatic/Funding Constraint(s): Legislation only allows these funds to be used for limited nonpoint source activities and wastewater treatment facilities.

Other Comments: None.

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Agency: Environmental Protection Agency

Program Name: Clean Water Act Section 319 Grants

Agency Point of Contact:

Dov Weitman (202) 260-7088

[NEED AGENCY INPUT. NAME/STATE/PHONE# OF FIELD REPS]

Program Function: Funds are awarded to the States to implement the nonpoint source programs pursuant to Section 319(h) of the Clean Water Act.

Applicability: These grants can be used for funding watershed resource restoration activities which include wetlands and other aquatic habitat.

Form of Assistance: Grants

Program Target: State agencies

Total Funding: \$81.7 million requested in FY 1994 budget

Eligibility Requirement(s): Approved State nonpoint source management requirement

Cost-Sharing Requirement(s): 40 percent State match

Repayment Requirement(s): None

Application Procedure(s): States apply annually to EPA Regional Office.

Application Time Line: States are to submit final applications on March 1; decision are made by May 1.

Programmatic/Funding Constraint(s): Funding goes to all States; dollars per State are limited.

Other Comments: Only certain restoration activities are fundable: those that control nonpoint pollution and that are within the scope of approved State nonpoint programs, e.g., relocation of structures would not be fundable; wetland restoration would be fundable.

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Agency: Environmental Protection Agency

Program Name: Wetlands Protection - State Development Grants

Agency Point of Contact:

Lori Williams (202) 260-5084

[NEED AGENCY INPUT. NAME/STATE/PHONE # FOR FIELD REPS]

Program Function: To support development and enhancement of State and Tribal wetland protection programs.

Applicability: Projects must clearly demonstrate a direct link to increasing a State's ability to protect wetland resources.

Form of Assistance: Grants

Program Target: States and Federally recognized Indian Tribes

Total Funding: \$280,000; \$10 million requested in FY 1994 budget

Eligibility Requirement(s): State agencies with wetlands related programs and Federally recognized Indian Tribes

Cost-Sharing Requirement(s): Sponsor required to provide 25 percent of total cost.

Repayment Requirement(s): None.

Application Procedure(s): Application forms can be requested from and submitted to the appropriate EPA Regional office.

Application Time Line: 4 months

Programmatic/Funding Constraint(s): (1) Funds must be used to develop new or refine existing State wetland protection programs, (2) only State agencies and Federally recognized Indian Tribes are eligible, and (3) some funds can be passed through by State to other entities, but State must have a major role in the project.

Other Comments: Funds can possibly be used for wetland restoration, can be used for identification of but not purchase of flood easements, and cannot be used for relocation of farm or urban structures.

[DELETE - NOT RELEVANT]

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Agency: Environmental Protection Agency

Program Name: Water Pollution Control - State and Interstate
Program Support (Section 106, CWA)

Agency Point of Contact: Carol Crow, (202) 260-6742

[NEED AGENCY INPUT. NAME/STATE/PHONE # FOR FIELD REPS]

Program Function: To assist States, Indian Tribes, and interstate agencies in establishing and maintaining adequate measures for prevention and control of surface and ground water pollution.

Applicability: Funds can be used for permitting, monitoring, pollution control studies, planning, surveillance and enforcement, advice and assistance to local agencies, training, and public information.

Form of Assistance: Grants

Program Target: State, interstate, territory and Indian tribal water pollution control agencies.

Total Funding: \$81.7 million

Eligibility Requirement(s): **[NEED AGENCY INPUT]**

Cost Sharing Requirement(s): **[NEED AGENCY INPUT]**

Repayment Requirement(s): **[NEED AGENCY INPUT]**

Application Procedure(s): Applications must be submitted to the appropriate EPA Regional Office, Grants Administration Branch.

Application Time Line: **[NEED AGENCY INPUT]**

Programmatic/Funding Constraint(s): Funds cannot be used for construction, operation, or maintenance of waste treatment plants, nor can they be used for costs financed by other Federal grants.

Other Comments: None.

FEDERAL EMERGENCY MANAGEMENT AGENCY

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Agency: Federal Emergency Management Agency

Program Name: Hazard Mitigation Grant Program (HMGP)

Agency Point Of Contact:

FEMA or State Hazard Mitigation Officers

[NEED AGENCY INPUT. OFFICERS BY NAME/STATE/PHONE #]

Program Function: Provide 50/50 matching funds through States, to local communities, for projects that will effectively reduce a State or community's vulnerability to natural hazards.

Applicability: Designed to provide a source of funding to States and municipalities for mitigation measures identified after a disaster. The HMGP can be used to fund projects to protect either public or private property. Types of eligible projects include acquisition and relocation of structures to prevent future damage.

Forms of Assistance: Grants.

Program Target: State and local governments and certain private non-profit organizations or institutions and Native American Nations.

Total Funding: Funds available for the Hazard Mitigation Grant Program are:

STATE	DISASTER #	HMGP ESTIMATE AS OF 9/24/93
Illinois	DR 997	\$ 3,058,400
Iowa	DR 996	3,200,000
Kansas	DR 1000	4,200,000
Minnesota	DR 993	2,073,000
Missouri	DR 995	9,000,000
Nebraska	DR 998	3,251,000
North Dakota	DR 1001	784,800
South Dakota	DR 999	890,200
Wisconsin	DR 994	1,043,000
TOTALS		\$ 27,500,400

Eligibility Requirement(s): Projects must be cost-effective, must meet Federal environmental requirements, and must be consistent with the overall State Hazard Mitigation Plan.

Cost Sharing Requirement(s): 50/50 cost-sharing with the Federal government.

Repayment Requirement(s): None

Application Procedure(s): Contact FEMA or State Hazard Mitigation Officers.

Application Time Line: State notifies FEMA of intent to participate in the program within 60 days of disaster declaration. All HMGP applications must be submitted no later than 90 days after FEMA's approval of the State Hazard Mitigation Plan, or 270 days after the declaration date.

Programmatic/Funding Constraint(s): Projects must be consistent with FEMA's regulations for the HMGP as found at 44 CFR Part 206, Subpart N. Additional guidance for State and local applicants has been developed and is available from FEMA Headquarters Regional Offices. Several policy memorandum regarding issues raised during the recent series of disasters in the Midwest have been sent to our field staff, and will be incorporated into the HMGP guidance material. For acquisition and relocation projects, the community in which the property is located must agree to accept title to the property and restrict on the property deed any use of the property other than open space for public use.

Other Comments: HMGP funding is allocated on a State-by-State basis depending on the extent of damage. The program is managed by the State, who establishes priorities for funding individual projects. See attached table for the initial HMGP estimates for the nine Midwest States. Potential applicants and projects do not necessarily have to be located within the disaster area, but to be eligible for funding, a project must benefit the disaster area.

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Agency: Federal Emergency Management Agency

Program Name: Section 1362 Flooded Property Purchase Program

Agency Point Of Contact:

FEMA Regional Office, Natural and Technological Hazard (NTH)
Staff

[NEED AGENCY INPUT. NAMES/PHONE#/STATE OF STATE REPS]

Program Function: To purchase previously flood-damaged property located in flood risk areas and provide property owners the opportunity to relocate to nonflood-prone areas. To protect property owners against potential losses; reduce future costs due to flood damages; and provide incentive to flood prone communities to restore flood plain values, protect the environment, and provide recreational and open space resources.

Applicability: After a flood, representatives from the community and FEMA determine if the community wishes to participate in the Section 1362 program. If so, a "Community Agreement" is adopted in which the community agrees to accept title to purchased property and manage it for open space or non-development purposes. Once a Community Agreement has been adopted, eligible property owners have two options: sell the land and the buildings to FEMA for transfer to the community, or sell the land and retain ownership of the buildings by moving them to another location.

Form of Assistance: Sale, exchange, or donation of property and goods.

Program Target: Individuals, businesses, and local governments.

Total Funding: Annual appropriation of approximately \$4.7 million to be spent Nationwide within 2 fiscal years.

Eligibility Requirement(s): In every case, the property owner must have a flood insurance policy in force when the damage occurs; at least one of the following criteria must be met: 1) the currently damaged structure must have been damaged by at least three previous floods over a 5-year period, with an average damage of 25 percent or more of the value of the structure; 2) a single flood has damaged the structure 50 percent or more of its value or beyond repair of its preflood condition; and 3) any single event has left the structure damaged and irreparable, either due to local ordinance limitations or significantly increased building costs.

Cost-Sharing Requirement(s): None.

Repayment Requirement(s): None.

Application Procedure(s): FEMA regional offices will provide forms and technical assistance to the local communities upon request.

[NEED AGENCY INPUT. NEED MORE SPECIFIC DETAIL]

Application Time Line: Should be submitted immediately after the flood. [NEED AGENCY INPUT. HOW LONG DOES THE PROCESS TAKE ?]

Programmatic/Funding Constraint(s): The communities must be compliant with the National Flood Insurance Program requirements. Moreover, all property acquisitions must be cost effective and must meet Federal environmental requirements.

Other Comments: The community in which the property is located must agree to accept title to the property and agree to maintain it as open space for public use. Acquisition costs include pre-flood fair market value less flood insurance claim payments.

The funding for the Section 1362 program is provided through a reimbursement to the Emergency Management Planning and Assistance from the National Flood Insurance Fund. As authorized by the 1990 Omnibus Budget Reconciliation Act, all costs for the Section 1362 program activities will be borne by flood insurance policyholders.

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Agency: Federal Emergency Management Agency

Program Name: Technical Assistance for Implementing Hazard Mitigation Programs

Agency Point Of Contact:

State Hazard Mitigation Officer
[NEED AGENCY INPUT. NAMES/STATE/PHONE # OF FIELD REPS]

Program Function: Technical assistance to States and municipalities directly or through a contract with a local university, regional planning commission, or similar entity with expertise in planning and community development for the purpose of developing and recommending alternative strategies for disaster recovery measures that will reduce or eliminate damages from future hazards.

Applicability: Available in all nine States. Contracts are already available in Iowa and Illinois, and under development in Missouri.

Form of Assistance: Technical assistance.

Program Target: State and local governments.

Total Funding: Disaster Relief Fund. Amount to be based on scope of work.

Eligibility Requirement(s): None.

Cost-Sharing Requirement(s): None.

Repayment Requirement(s): None.

Application Procedure(s): State should contact Federal Coordinating Officer/FEMA Hazard Mitigation Officer. Community should contact State Hazard Mitigation Officer.

Application Time Line: [NEED AGENCY INPUT. HOW LONG DOES THE PROCESS TAKE ?]

Programmatic/Funding Constraint(s): None.

Other Comments: None.

***U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT***

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Agency: U.S. Department of Housing and Urban Development

Program Name: Section 108 Loan Guarantee Program

NAMES OF CONTACTS

See list given under the CDBG program information.

NAME AND FUNCTION OF PROGRAM

Section 108 Loan Guarantee Program - Loan Guarantees to Public Entities for community and economic development.

FUNDING LEVELS AND PREDICTED ACCOMPLISHMENTS

For the States affected by the floods, approximately \$1 billion in loan guarantee assistance is available in FY 1993 for states for use in non-entitlement communities and for use by entitlement communities.

PROJECTED FUNDING AND ACCOMPLISHMENTS

FY 1993 - \$1 billion

Section 108 loan guarantees can be used to finance:

- acquisition of real property;
- rehabilitation of publicly owned real property, including renovation or reconstruction of public utilities (e.g., water & sewer systems);
- housing rehabilitation; and
- economic development.

PROGRAM TIME LINE

Communities can apply for assistance at any time.

Processing time averages 21 -45 days from date of submission to HUD Field Office.

Waivers which apply to the CDBG program could also apply to the Section 108 program. See item IV(c) in the section on Program Specific Information.

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Agency: U.S. Department of Housing and Urban Development

Program Name: Community Development Block Grant (CDBG) Program

NAME AND FUNCTION OF PROGRAM

The Community Development Block Grant (CDBG) program annually allocates funds to metropolitan cities and urban counties and to states for use in nonentitlement areas which do not receive entitlement grants. The program allocates funds in accordance with a statutory formula. All activities funded by CDBG must meet one of the program's three broad national objectives: benefit to low and moderate income persons, elimination of slums and blight, or to meet urgent community development needs.

CURRENT FUNDING LEVELS AND PREDICTED ACCOMPLISHMENTS

At the beginning of Fiscal Year (FY) 1993, the Department allocated over \$3.9 billion dollars nationwide for the CDBG program. In accordance with the statutory formula, seventy percent of the funds were allocated to metropolitan cities and urban counties. Thirty percent of the formula funds were allocated to states (for distribution in nonentitlement areas). The Department has no FY 1993 or prior regular CDBG funding currently available for disaster-related efforts.

The eight states comprising the Midwest flood disaster area received \$188,433,000 in FY 1993 for distribution to nonentitled areas as follows:

<u>State</u>	<u>\$ (in 000's)</u>
Iowa	\$28,536
South Dakota	7,604
Illinois	38,643
Missouri	28,817
Nebraska	13,721
Wisconsin	29,462
Minnesota	22,516
Kansas	19,134

All of the states and the vast majority of entitlement communities have already committed FY 1993 funds for the specific purposes and projects outlined in the final statement. In many states which distribute the funds through a competitive process, grant awards to localities have already been publicly announced and grant agreements have been signed.

Both entitlement communities and states have the option of reprogramming or diverting available CDBG funds if they so desire, subject to an expedited amendment process which includes citizen review and comment. They may also use any program income on hand or expected to be received in the near future.

PROGRAM TIME-LINE

a) When can program be utilized (beginning period and closure):

\$20 million in initial CDBG funds would be made available immediately for immediate recovery needs and long-term revitalization planning. In order to insure quick access to these funds, they would be distributed on the basis of population.

The remainder of the CDBG funds would also be made available on the basis of final damage estimates, as soon as affected communities prepare and submit a strategic recovery plan for the coordinated community and economic revitalization of the affected areas. This plan would be developed by each state or entitlement community in coordination with HUD staff. It would include a plan for coordinating all federal, state, and local resources made available to the affected state or community for its recovery efforts. It would also include a strategic plan for coordinating and using federal resources with those of the state, the locality, and the private and non-profit sectors. This plan would be developed in consultation with the federal agencies participating in the flood recovery effort. It would be submitted to HUD in lieu of the normally required Final Statement and its submission would trigger availability of the balance of the CDBG funds.

The strategic plan must identify the uses the grantee expects to make of the CDBG funds, or in the case of a state, the method it will use to distribute the funds. An entitlement community will be required to certify that its planned use of CDBG funds has been determined in consultation with the various classes of intended beneficiaries of CDBG assistance, including at a minimum homeowners, owners of multi-family projects, business owners, developers, and residents of flood-damaged neighborhoods. A state will be required to certify that it has developed its distribution method in consultation with affected nonentitled communities.

In addition to the normal certifications grantees must provide under the regular CDBG program, grantees will certify that, prior to using any of these funds for purposes other than planning, it will have provided opportunity for citizen review and comment on the proposed uses (or for states the proposed distribution) of the funds. For this purpose, grantees will be authorized to select one of the following forms of citizen review:

- hold a public hearing to allow citizens (or local governments, for states) to nominate projects and activities to be assisted with the supplemental CDBG funds;
- hold a public hearing at which the grantee will announce its proposed uses of the supplemental CDBG funds, and allow citizens (or local governments, for states) to express their views on such proposed uses and nominate other uses; or
- prepare a description of the proposed uses of the supplemental CDBG funds, publish the description of proposed uses throughout the areas within the community (or the state) that were affected by the disaster, and provide opportunity for citizens (or for states, local governments) to comment on such proposed uses.

USE OF REGULAR CDBG FUNDS

(FY 1993 and prior years' funds already allocated to grantees)

Reprogramming Funds: Grantees may reprogram funds from grants already made under the regular CDBG program to be used for disaster recovery, if they so desire. When such funds would be proposed to be used for responding to emergency situations, grantees would still be required to amend the applicable final statement, but could do so by employing an expedited process for citizen review and comment.

Waiver of Rules: HUD will quickly respond to requests for waiver of any requirements of the regulations that are not statutory and that would be a substantial impediment to the grantee's recovery objectives. Waivers would be granted as necessary to authorize the following:

- shorten the current program year to permit receipt of FY 1993 or 1994 funds sooner than currently scheduled;
- allow the grantee to amend its certification to extend the length of time within which the low/mod income (70%) spending requirement must be met (for a period not to exceed three years); and
- extend the deadline for submittal of the annual performance report when the disaster delays its completion.

b) Time needed to process an application and disburse benefits in the most specific terms (#days):

HUD will prepare a grant agreement reflecting the allocated amount, identifying the waivers granted, and containing certain grantee certifications and submit it to the grantee within 30 days of the date funds are apportioned to HUD from OMB. Upon receipt of the executed agreement by the HUD Field Office (due within 30 days of the date HUD signs the grant agreement), the HUD Field Offices will need approximately 5 days to review and approve final statements and notify the grantee that the balance of funds have been added to the CDBG line of credit.

c) Are there regulatory or other changes required to make the program function more expeditiously for this effort, and describe them?

The Department is proposing to use the authority in the legislation to grant the following waivers of normal CDBG requirements:

Waive the usual restrictions on the use of CDBG funds for the new construction or reconstruction of housing;

Waive the restriction on the use of funds for the repair or reconstruction of buildings for the general conduct of government;

Waive the statutory cap on the amount of the grant that may be used for public services, and instead apply a cap of twenty-five percent for this purpose;

While grantees will be required to use the funds only for activities that meet one of the CDBG national objectives, waive the requirement that at least 70% of the funds must be used to meet the national objective of benefit to low- and moderate-income persons;

Waive the usual requirement with respect to complying with environmental reviews that the local public comment period and the HUD/State 15 day waiting period run sequentially, thereby allowing them to run in parallel;

Waive the restriction on the use of CDBG funds to reimburse local funds used to pay for costs incurred after

notification that a grant will be awarded to the state or community but prior to the award of the grant; and

Waive the requirement that state grantees must match the amount of CDBG funds used for the administration of the CDBG program.

In addition to these general waivers, a grantee may request that

HUD waive any other applicable requirement of the program. Any such request must be accompanied by an explanation as to why the requested waiver is justified by the need to spend the supplemental funds to meet the special needs for which they were appropriated.

AGENCY CONTACTS

HUD can allocate and award the supplemental CDBG funds and provide the necessary administrative support for the short term tasks of program start-up by diverting staff from current responsibilities both in Headquarters and the Field.

Washington, DC	John Simmons Deputy Director Office of Block Grant Assistance Washington, DC 20410 (202) 708-3587
Illinois	Jim Barnes (Community Planning and Development) 77 West Jackson Boulevard Chicago, IL 60604 (312) 353-2977
Wisconsin	Lana Vacha (Community Planning and Development) 310 West Wisconsin Avenue Milwaukee, WI 53203 (414) 297-3355
Minnesota	Alan Joles (Community Planning and Development) 220 Second Street, South Minneapolis, MN 55401 (612) 370-3068
Kansas	Elmer C. Binford, Acting RA Kansas City Regional Office 400 State Avenue Kansas City, KS 66101 (913) 236-2162 (913) 236-2169 (Fax)
Iowa	William H. McNarney, Manager Des Moines Field Office 210 Walnut, Room 239 Des Moines, IA 50309 (515) 284-4512 (515) 284-4743
Nebraska	Joe Jones, Deputy Manager Omaha Field Office 10909-Mill Valley Road Executive Tower Centre Omaha, NE 68154 (402) 492-3101

(402) 492-3150 (Fax)

Missouri Sandra Freeman, Environmental Officer
St. Louis Field Office
1222 Spruce Street
St. Louis, MO 63103
(314) 539-6528
(314) 539-6575 (Fax)

Colorado Ron Bailey, Coordinator
Denver Regional Office
1405 Curtis Street
Denver, CO 80202
(303) 844-4959
(303) 844-3407 (Fax)

South Dakota Don Olson, Coordinator
West 49th Street
Sioux Falls, SD 57105
(605) 330-4223
(605) 330-4465 (Fax)

North Dakota Keith Elliott, Coordinator
657 Second Avenue, Room 366
Fargo, ND 58108
(701) 239-5136
(701) 239-5249 (Fax)

U.S. SMALL BUSINESS ADMINISTRATION

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

Agency: U.S. Small Business Administration

Program Name: Physical Disaster Loans and Economic Injury
Disaster Loans

Agency Point of Contact: SBA disaster loan representatives are
in the Disaster Field Office (DFO) in every State.

[NEED AGENCY INPUT. NAMES/STATE/PHONE#]

Program Function: Federal disaster loans to nonfarm, private
sector owners of disaster damaged property for uninsured losses,
including homeowners and renters, businesses of all sizes, and
nonprofit organizations.

Applicability: Primary form of Federal assistance for disaster
damage to nonfarm, private property to help the owners fund
repair or replacement of uninsured or otherwise uncompensated
losses. Wetlands restoration: SBA disaster loan funds could be
used by a property owner to restore any property including
wetlands damaged by flooding. Flood easements: The SBA disaster
loan program is not suitable for addressing this goal directly,
but loans used to assist funding relocation out of a flood hazard
area can be an important part of reducing risks of future flood
losses. Relocation of farm structures: By law, agricultural
enterprises are not eligible for SBA disaster assistance; farmers
may seek similar assistance from USDA. Relocation of urban
structures: Owners of nonfarm, flood damaged properties may use
SBA disaster loan funds to help fund acquisition of a replacement
property at a different site. In cases of forced relocation
(where a building permit to repair the damaged property will not
be issued) or substantial damage (as defined by FEMA/NFIP) in a
special flood hazard area, the damaged property may be treated as
a total loss, making the property owner eligible for full
replacement value. Thus, the most acute cases are eligible for a
loan to build or purchase a replacement property (in the case of
substantially damaged units, the relocation property must be
outside a special flood hazard area). This assistance is
available to all nongovernmental, nonfarm property owners.

Form of Assistance: Loan, generally with an interest rate of
4 percent and terms up to 30 years, depending on borrowers
ability to repay. By law, borrowers able to use their own
resources to meet disaster needs without hardship (generally on
about 2-3 percent of applicants) have a higher interest rate,
generally 8 percent, and such businesses are limited by law to a
term of 3 years. Prior liens may be refinanced, within certain
limits.

Program Target: Individuals (homeowners and renters), businesses (of all sizes), and nonprofit organizations. This covers the entire private sector, except for agricultural enterprises (similar assistance is available from USDA programs).

Total Funding: As of October 1, 1993, about \$465 million in disaster loan funds will be available.

Eligibility Requirement: Include all property owners except governmental units and agricultural enterprises, including homeowners, renters, businesses of all sizes, and nonprofit organizations. Applicant must have suffered the disaster loss, that is, owned the damaged property. Eligibility is limited to uninsured or otherwise uncompensated losses. Applicants must have ability to repay loans. Full collateral is not required, but applicants must pledge any available collateral.

Cost-Sharing Requirement: None.

Repayment Requirement: All loans must be repaid. Applicants must be able to make loan payments from current income or cash flow from operations. The law offers low interest rates, long terms, refinancing of prior liens, and other tools to make the loan assistance affordable to many disaster victims who could not otherwise afford to pay for the disaster recovery. Terms of each loan are established by SBA in accordance with each borrowers' needs and ability to repay.

Application Procedure: Applicant must complete SBA disaster loan application, available from SBA representatives at all DFO's. SBA representatives are available to assist in completing the application and to answer questions.

Application Time Line: SBA processes most disaster business loan applications in 1 to 3 weeks from receipt by SBA, and most disaster home loan applications within about 1 week. Timing of loan closing is determined by each borrower. Disbursement of loan funds is similar to a construction loan and is in increments as the borrower completes repairs. Duration of reconstruction projects varies widely as a function of the complexity of each project.

Programmatic/Funding Constraints: By law, disaster loans to businesses and nonprofit organizations are limited to \$1.5 million, and SBA has authority to waive that statutory maximum for businesses which are major sources of employment. Disaster loans to homeowners are limited to \$100,000 for real estate, \$20,000 for personal property, \$100,000 for refinancing of prior liens, and \$24,000 for additional mitigation devices not required by code. Governmental entities are not eligible.

Other Comments: Some levees are privately owned by businesses or nonprofit organizations. Governmental entities are not eligible for SBA assistance; private entities established by governmental units may be eligible. Potentially, some private owners of levees may seek SBA disaster loan assistance.

In addition to loans for physical disaster damage, small businesses located in the declared disaster area which have suffered adverse effects of the flood are also eligible for SBA economic injury disaster assistance. Economic injury disaster loans are working capital loans to help a small business meet necessary obligations during the period adversely affected by a disaster. A business need not have sustained property damage to qualify for economic injury assistance; decreased revenues caused by a disaster and resulting in insufficient cash flow to meet all ongoing obligations is a common form of eligible economic injury. These loans are at 4 percent with terms up to 30 years.