COMMUNICATIONS ROUTING SLIP

FROM: Mark Gearan
Communications Director

DATE: 10-1

TO:

- ☐ Bob Boorstin
- ☐ Keith Boykin
- ☐ David Dreyer
- ☐ Jeff Eller
- ☐ Rahm Emanuel
- ☐ David Gergen
- ☐ Arthur Jones
- ☐ Dee Dee Myers
- ☐ Marla Romash
- ☐ George Stephanopoulos
- ☐ Don Steinberg
- ☐ Lorraine Voles
- ☐ Michael Waldman
- ☐ Ann Walker
- ☐ Other: Kathy Way

FOR YOUR:

- ☐ Action
- ☐ See Me
- ☒ Information

COMMENTS:

THE WHITE HOUSE

WASHINGTON

KW: Thanks. This is impressive. Mack

MEMORANDUM FOR MACK MCLARTY

FROM: Kathi Way

RE: Midwest flood Recovery Update

DATE: 9/29/93

Since our last meeting much has been done to coordinate and speed our response to the midwest flood recovery effort. Following is our progress outlined by category.

<u>Accomplished</u>:

- Last Wednesday, via video tape, the President announced a change in our policy regarding Federal/Local cost share for FEMA public assistance. Based on a second criteria that takes into consideration the impact of the disaster on the Nation's Gross Domestic Product, states declared a national disaster as a result of the summer flooding will be eligible for 90/10 cost share for public assistance related to the recovery. This means FEMA will pay 90% of the recovery costs related to public assistance damage (water systems, public buildings, etc.).

- Ten task forces were established in August to develop long range strategies for the recovery across agency lines. While the task forces did hold meetings, many appeared to be falling into the trap of weekly discussions but no direction. Those task forces have now been asked to provide weekly updates on their progress and information on long term, cross cutting issues that we can track throughout the winter. In addition, OMB is preparing a financial tracking system for money as it is sent to the states and localities.

<u>"In the Works"</u>:

- A meeting is being scheduled for next week to coordinate our communications activities. The purpose of the meeting is not to stop any agency from issuing press releases or making public statements, but rather to coordinate our responses so there is consistency in the information released to the midwestern states.

Future Planning:

USDA would like to hold a series of town meetings in the midwestern states. All of the details have not been settled but preliminary discussions have focused on two possible missions for the town meetings:

- One suggestion would include Federal Agency officials and State and Local officials meeting with "real people" -- persons who have been displaced as a result of the flooding -- in a town meeting setting to discuss and resolve difficulties accessing available funding, provide information on federal assistance programs available to individuals, and answer any questions they have about additional programs available.

- A second suggestion would link Business Recovery Seminars with the Town Hall meetings. Business Recovery Seminars are already being planned by the Commerce Task Force (headed by the Economic Development Administration) for each of the nine states, and will include Federal Agency representatives and area business representatives. Their discussions will focus on progress to date, additional assistance available, and ways the business community can assist in the recovery. Local Chambers of Commerce will play a role in the planning and logistics of these Business Recovery Seminars. By holding the Recovery Seminars in conjunction with the Town Hall meetings, a wider range of information could be provided to states in one session.

The ultimate goal of the Town Hall meetings and the Business Recovery Seminars is to give people an idea of what they can expect so that they can plan their lives and diminish their feelings of helplessness. Many details remain unresolved. Should Cabinet Secretaries, Governors and other local elected officials be included? Should meetings be held in each state? Is it possible to hold two meetings in one day and accommodate both the state and local officials and the business community? Is there any interest or benefit in having the President attend one of these meetings? USDA would like to organize and hold the Town Hall meetings the end of October and they have cleared Secretary Espy's calendar for October 29, 30, and 31st. The first Business Recovery Seminar is tentatively scheduled for the week of October 18 (so far, the planning for the Recovery Seminars has moved in advance of the Town Hall planning process). I would appreciate your thinking and recommendations on the ideas outlined above.

If this kind of update is helpful, I will provide an update on a bi-weekly basis for the next month or two. If there is additional information you would like provided please let me know.

CC: Roy Neel
Mark Gearan
Carol Rasco
Christine Varney
Marcia Hale

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FROM: Kathi Way

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CC: Roy Neel
Mark Gearan
Carol Rasco
Christine Varney
Marcia Hale

Sent to all 10.29.93 cw

MEMORANDUM FOR MACK MCLARTY

FROM: KATHI WAY

SUBJECT: MIDWEST FLOOD RECOVERY UPDATE

DATE: OCTOBER 28, 1993

Work continues on the midwest flood recovery. To tighten the interagency coordination and sharpen the focus of the work, the original 10 task forces have been reduced to 5. The task forces and chairs are:

Flood Plain Management--Chairs, Katie McGinty(OEP), T.J. Glauthier(OMB), and Jim Lyons(USDA).

Community Redevelopment--Chairs, Andrew Cuomo(HUD), Chris Edley(OMB), and Bob Nash(USDA).

Environmental Health and Safety--Chairs, Sylvia Lowrence(EPA) and Frank Young(HHS).

Agriculture Production and Animal Safety--Chair, Agriculture

Communications--Chairs, Lisa Mortman(WH) and Morrie Goodman(FEMA).

Congressional--Chairs, Barbara Chow(WH) and Martha Braddock(FEMA).

The Chairs of these task forces plus Dick Krimm(FEMA), Oleta Fitzgerald(USDA) and I will form a steering committee that will provide information and policy recommendations to James Lee Witt and Secretary Espy for the President's consideration. We have tried very hard to preserve the leadership roles for Secretary Espy and James Lee Witt while assuring the necessary personnel resources are available to accomplish the work. The work of these task forces will be a combination of long range policy considerations and shorter term response to the ongoing recovery. Following is a listing of the short term issues being considered by the groups:

Levee Reconstruction--At least three agencies have resources available to repair and rebuild levees. We are working to assure work is being done within established guidelines and priorities. There are many more damaged levees than resources available for repair/reconstruction. It is essential that we implement are policies consistently.

Community Buyout--To assist communities with a buyout option we need to "package" various agency funding streams. Once again, the demand will exceed the resources available. We expect to have a series of options available to states by the end of next week.

Financing--OMB is putting the finishing touches on a tracking form that will detail how federal dollars have been spent on the midwest floods to date. That information will be available by state and by program.

The Town Hall meeting that was tentatively scheduled for October 31 has been postponed. The midwestern states have indicated a reluctance to host meetings about the flood until some policy decisions have been made regarding buyout options and levee reconstruction.

In general, the work is moving forward smoothly. The fires in California will have some impact in the short run on personnel resources available to work on the flood recovery and on financial resources available from Soil and Conservation Services. The SCS program funds are capped for the year and dollars spent in California will reduce the dollars available to the midwest.

Finally, to assure continuing support and responsiveness from agencies, it would be helpful to have you, either through memorandum or by phone, reinforce the need for agency support in this recovery effort. I would be pleased to draft a memorandum for your signature if that would be helpful.

Please let me know if you have questions or would like additional information.

CC: Carol Rasco
Andre Oliver
Christine Varney

Federal Emergency Management Agency

Washington, D.C. 20472

September 10, 1993

MEMORANDUM TO: Mack McLarty
Chief of Staff

THROUGH: Steve Silverman
Deputy Assistant to the Secretary of the Cabinet

FROM: James L. Witt
Director

SUBJECT: Assistance to the State of Illinois

This memorandum is meant to assure you that FEMA, in conjunction with State officials and other Federal agencies, is taking every step possible to ensure that the State of Illinois receives all of the assistance for which it is eligible under the President's disaster declaration for the Midwest floods.

At this time, FEMA is working closely with the State of Illinois to do all that we can in a variety of areas to help with the situation caused by the recent flood disaster. At the present time, FEMA is trying to identify communities and funding to permit communities in especially hard-hit and flood-prone areas to relocate away from the floodplain. Attempts are being made throughout the State to promote hazard mitigation and to identify potential sites for mitigation funding in the aftermath of the flooding. The types of assistance offered under FEMA's Individual Assistance program have been expanded in a number of areas in order to satisfy unmet needs that are specific to the flooding disaster. And significant assistance is being offered to the States and communities regarding the National Flood Insurance Program and funds under the Public Assistance program to better ensure that devastated areas can recover and rebuild without delay. For your information, I have attached a more detailed list of initiatives taken due to the situation in the State of Illinois.

FEMA is also working with numerous other Federal agencies to ensure that funds are being channeled to Illinois to meet recognized needs. In this regard, FEMA is spearheading an effort to identify, coordinate, and "package" the funds available at the Federal level for long-term assistance in Illinois from all the relevant Federal agencies (the Small Business Administration, the Economic Development Administration, the Department of Housing and

Urban Development, FEMA programs, etc.). This is being done not only to reduce the likelihood that wasteful and duplicative funding is approved, but also to ensure that all available funding can be targeted to those most severely affected areas of the State to lessen the impact of recent flooding.

You may also wish to know that at the request of Congressman Volkmer, I met with Speaker Foley, Congressman Gephardt, Congressman Volkmer, and Congressman Minetta on September 9 to discuss HR-3012, a bill introduced by Mr. Volkmer to provide relocation assistance in connection with the Midwest flooding. During these discussions, I was only able to provide technical assistance to the Congressmen due to the fact that the bill has not yet cleared the Office of Management and Budget, and therefore I could not indicate the Administration position on the measure (Congressman Gephardt mentioned at this meeting that he plans to contact Leon Panetta in the near future in an effort to gain support for the legislation. Congressman Volkmer has also contacted Congressman Michel on the bill). If this legislation passes, however, I believe that it would be of great benefit to the State of Illinois, particularly to those communities that are seeking relocation assistance from the Federal government.

At this point, it appears unlikely that the State will receive a cost-share adjustment due to the Midwest flooding because the State will not reach the $64 per capita qualifying threshold necessary to receive the adjustment. Despite this fact, FEMA will continue to look at alternatives which can provide additional assistance to the State throughout the recovery phase of this disaster.

Attachment

MEMORANDUM

TO: MACK MCLARTY
ROY NEEL

FROM: MARCIA HALE
KEITH MASON

DATE: SEPTEMBER 1, 1993

RE: FEMA/ ILLINOIS

I have enclosed the memo from James Witt to the President regarding the disaster relief effort in Illinois as a follow-up to the Monday meeting with the President.

CC: CHRISTINE VARNEY
KATHI WAY

SEP 1 1993

Federal Emergency Management Agency

Washington, D.C. 20472

STATE AND LOCAL PROGRAMS AND SUPPORT DIRECTORATE

Telecopier Transmittal Header

Telecopy Number: (202) 646-4060 Verification Number: (202) 646-3692

September 1, 1993

TO: Keith Mason
The White House
FAX: (202) 456-2889

FROM: Richard W. Krimm
Deputy Associate Director

PRIORITY
6 pages (including cover)

Remarks:
MEMO TO THE PRESIDENT FROM DIRECTOR OF FEMA JAMES L. WITT
SUBJECT: GRAFTON, ILLINOIS BUY-OUT PROPOSAL.

Transmitted by: Linda

Federal Emergency Management Agency

Washington, D.C. 20472

SEP 1 1993

MEMORANDUM TO: The Honorable William J. Clinton
President

FROM: James L. Witt
Director

SUBJECT: Grafton, Illinois Buy-Out Proposal

As you know, the City of Grafton, Illinois experienced the brunt of some of the worst flooding to occur during the recent midwest flooding. This memorandum is to inform you that FEMA is considering ways in which to proceed with a buy-out of a substantial portion of the City as a model project for other buy-outs in the flood-affected region.

The City of Grafton was the first community in the midwest to complete a buy-out proposal for FEMA's consideration. In that proposal, officials in Grafton reported that a full 91 percent of residents and 76 percent of businesses in flooded portions of Grafton have responded to a survey stating that they would relocate in Grafton above the flood plain if given the chance. The City estimates that approximately 230 homes and 30 businesses (60 percent of all structures in the City) are candidates for relocation under a possible buy-out program. This high level of interest offers the Federal government great potential to relocate flood-damaged structures from the one of the most at-risk areas within the floodplain to higher and safer ground, thus reducing the potential for future flood disaster losses.

The City has estimated that the buy-out would cost the Federal government roughly $30 million. As a result of this high interest and the Administration's commitment to the long-term reduction of disaster costs, FEMA is currently identifying possible sources of funding to support the Grafton buy-out proposal. For your information, I have attached a list of possible funding sources for this buy-out on the attachment on the following page.

There are a number of possible obstacles to the Grafton buy-out proposal, however, which would need to be resolved prior to proceeding with the project. First of all, FEMA is only in the early stages of reviewing the possibility of a buy-out in the City of Grafton. In many instances, there are practical and/or legal limitations associated with the use of the funds from some of the programs listed on the attachment, and creative financing from both the public and private sector may be necessary to bring this proposal to fruition. It is also worth noting that Grafton is one of seven communities identified in the State of Illinois that are interested in large-scale buy-outs from the Federal government, and it is likely that many more communities in the other flood-affected States will consider pursuing buy-outs as a means of recovery from the recent devastation.

Attachment

FEDERAL PROGRAMS FOR RELOCATION AND ELEVATION OF FLOOD DAMAGED PROPERTY

Relocation and elevation are effective measures employed for long-term flood damage reduction. Programs under the Robert T. Stafford Disaster Relief and Emergency Assistance Act 93-288, as amended, administered by FEMA, and other Federal programs are available to communities and residents to assist in relocating outside of a floodplain or in elevating structures to comply with the National Flood Insurance Program (NFIP) requirements. Programs and funding can be combined in areas with repeated flooding problems to provide comprehensive assistance. While relocation or elevation is being implemented, Disaster Housing assistance can be provided to individuals for up to 18 months during the construction.

FEMA PROGRAMS

* The **Hazard Mitigation Grant Program** (HMGP), authorized by Section 404 of the Stafford Act, can provide 50% of the cost of elevating structures to comply with flood insurance standards. Additionally,communities can use HMGP to acquire properties in a floodplain and provide relocation assistance if necessary. Interested communities can apply for assistance through the State, which is responsible for identifying and prioritizing projects. Although State and local units of government are eligible applicants, these organizations award grant funding to individuals for mitigation projects. Individual grant recipients are responsible for providing matching funds, which may include SBA loans, Community Development Block Grant awards, and personal loans or savings.

* The **National Flood Insurance Program** (NFIP), through Section 1362, can purchase previously flood-damaged property and offer property owners the opportunity to relocate in areas not prone to flooding. Eligible property owners must have a flood insurance policy in force when the damage occurs, as well as meet one of the following other program requirements: their property has been damaged by at least three floods in a five year period with average damage 25% or more of the value of the structure; a single flood has damaged the structure 50% or more of its value or beyond repair to its pre-flood value; or a single event has left the structure damaged and irreparable due to local ordinances, limitations or significantly increased building costs. In addition, the affected community must agree to accept title to the purchased property and manage it for open space purposes.

* Under the Stafford Act, several **Individual Assistance** programs also can be used to facilitate elevation or relocation out of a floodplain. The **Individual and Family Grant Program** (IFG) can be used in conjunction with other programs to elevate or relocate individual structures. Funding is limited; the maximum grant allocation is $11,900. In order to qualify for the IFG Program, residents must first be declared ineligible for Small Business Administration (SBA) loans. Assistance also may be available through **The Cora Brown Fund**, established to help victims with disaster-related needs not met by government agencies or private organizations. This fund can provide assistance for elevation, relocation out hazardous areas, and other hazard mitigation.

(8/25/93)

* Under the **Public Assistance (PA) Program**, limited funding is available for elevation and relocation. For example, if entire portions of a community were to be relocated outside the floodplain, PA can assist in rebuilding the necessary infrastructure in the new location. If a community determines that a badly damaged facility will not be repaired, the estimated damage amount may be used to fund other hazard mitigation measures.

SBA PROGRAMS

* **SBA** disaster loans are available to elibigle homeowners and businesses to repair or replace property damaged in a declared disaster. Loans may be used to meet building codes, such a flood insurance requirements. SBA also may provide loans for involuntary relocation out of special flood hazard areas, when required by local officials. While SBA's legislation prohibits the agency from making disaster loans for voluntary relocations, there are exceptions made for homeowners, renters and businesses moving out of special flood hazard areas. These particular loans are limited to the amount necessary to repair or replace the damage at the disaster site. Loans are available for up to $100,000 for homeowners; $20,000 for renters; and $500,000 for businesses. SBA loans also may be used to refinance existing mortgages.

HUD PROGRAMS

* The **Community Development Block Grant (CDBG)** program can provide funds for variety of projects, including floodplain property acquisition and relocation, or elevation. There is $200 million in CDBG program funds from the Supplemental Appropriations Bill restricted to repair, replacement, or restoration of flood damaged facilities, or to continue services interrupted by the flood. These funds can be used for elevation of structures, or in combination acquistion/relocation projects.

* The **HOME Program** provides grants to states, large cities, and urban counties for permanent housing for low-income individuals (80% of median income). Funds can be used for acquisition, new construction, or elevation. While there are no minimum or maximum loan amounts, the community recipient determines interest rates and may elect to award grants to individuals rather than loans. Application requirements and housing quality standards requirements have been waived. Other application processes have been streamlined as well. The Supplemental Appropriations Bill added $50 million to this program.

FARMERS HOME ADMINISTRATION PROGRAMS

* **Farmers Home Loan Administration (FmHA)** is authorized to make rural housing loans and grants to eligible applicants to buy or repair housing located in rural areas. Homes constructed or repaired through FmHA are required to meed the flood insurance requirements. The **Section 502 Home Ownership Loan Program**, available to low and very low income applicants (50% and 80% median income in the area), can be used to elevate or relocate individual structures. The maximum loan is $105,000. Interest rates, based on income, may be as low as 1%. The Supplemental Appropriations Bill allocated an additional $1.2 billion to this program.

* Under FmHA's **Section 504 Home Improvement Loans and Repair Loans and Grants Program** funds are available to elevate homes or farm structures. Grants up to $5,000 are awarded to qualified very low income senior citizens. Loans may be offered up to $15,000, with interest rates, based on income, as low as 1%. Through the Supplemental Appropriations Bill $12.5 million was added to the loan program and $12.5 million was added to the grant program.

* FmHA Emergency Loans are available to assist family farms and ranchers in refinancing existing debt, as well as clean up and restoration and repair of farms and farm structures. Loans can be used to elevate living areas to meet flood insurance requirements or to relocate homes out of the floodplain. These loans, at 4.5% interest over 30-40 years, are for physical losses. The Supplemental Appropriations Bill added $80 million to this program.

CORPS OF ENGINEERS PROGRAMS

* The **U.S. Army Corps of Engineers (USACE)** is authorized to relocate homes out of the floodplain if relocation proves to be more cost effective than other structural flood control measures. However, this can be a very lengthy process. Projects under $5 million, under the **Section 205 Program**, can take several years to complete, while projects in excess of this amount can take much longer.

ECONOMIC DEVELOPMENT ADMINISTRATION PROGRAMS

* The EDA provides funding for projects resulting in economic growth for communities. The Administration has received additional funding through the Supplemental Appropriations Bill for its programs in affected communities in the Midwest.

MACK MCLARTY

7/29/93

To Christine Varney

Please see Mack's note.

Patty

cc: Kathi Way

Christine —
Pl. visit w Kathi on this. Her comments are thoughtful and on the mark in my view. Mack

MEMORANDUM FOR MACK MCLARTY

FROM: Kathi Way

RE: Next steps for Midwest Disaster Sites

DATE: July 27, 1993

The Department of Agriculture, under Secretary Espy's leadership, has organized an interagency effort to respond to the urgent needs of the midwest. In our haste to react to the immediate needs of the area, we can not overlook the longer term implications for the area. In fact, the best plan should incorporate our emergency work with a longer term strategy.

The information provided by the federal agencies points to larger policy issues that will require our attention and consideration. Following is a first cut at the list of policy issues:

INFRASTRUCTURE RECONSTRUCTION:
- Repair/replacement of levees.
- Repair/replacement of highways.
- Repair/replacement of water systems.
- Rebuilding in flood plains.

REBUILDING COMMUNITIES:
- Mental health counseling.
- Involvement of churches and community centers.
- Restoration of educational facilities.

ENVIRONMENTAL RESTORATION:
- Wetland Renewal
- Non-point source pollution

AGRICULTURE:
- Crop insurance
- Financing capacity

While each of these issues has a short term requirement there is a larger policy concern involved that requires deliberation. For instance, while FEMA and the Army corp are repairing and reconstructing levees in the midwest there is growing opinion that the construction of levees may be unwise.

The domestic policy council would be glad to assume responsibility for coordinating the policy development of the long term issues. Please contact me if additional information would be helpful.

CC: Roy Neel
Carol Rasco
Christine Varney