E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

26-Oct-1993 09:49am

TO:

FROM: Kevin F. Neyland
Office of Mgmt and Budget, NRSS

SUBJECT: Federal Levee Policy Memo

A draft memo was distributed at yesterday's meeting at FEMA, which has the stated purpose of clarifying Federal policy on repairing levees in the Mid-West. FEMA (James Walk) is drafting the memo with input from the Corps (Bob Stearns) and SCS (Tom Wehri). The draft is a good start, but, in my opinion, needs further clarification.

The need for the "clarification" in the first place is because the SCS was rebuilding levees along the Grand River in Missouri where adjacent levees in the Corps program were not being rebuilt. I have the following concerns:

1) Geographic Demarkation

Originally, the memo was supposed to clarify the geographic demarkation between the two agencies' responsibilities (e.g., Route 36 along the Grand River). As drafted, the memo does not say anything about Route 36, only briefly mentions a 1986 MOU that split responsibilities according at a 400 square mile drainage area, and then says that the demarkation will be adjusted. This is anything but clear.

2) Corps Rebuild Criteria

The memo includes a rationale for the Corps policies which is to bring discipline to the program and to realize the maximum benefits from Federal expenditures. This leads into a discussion that levees must have public sponsorship and be maintained to minimal standards. However, what is missing is a direct statement that, to be rebuilt, the levee must have public sponsorship and pass economic and environmental tests. This should be explicitly stated so that there is no misunderstanding.

3) SCS Rebuild Criteria

The SCS criteria are too soft. The memo implies that all SCS levees will be rebuilt as time and money permit because all that they have is a priority system. The conclusion a reader would reach is that the only thing slowing the SCS down is the lack of appropriations. To be clear, the memo needs to explicitly state that the SCS would require economic and environmental tests that are similar to the Corps (in addition to the criteria that SCS would not rebuild a levee rejected by the Corps) so that levee rebuilding is not seen as an entitlement.

4) FEMA Rebuild Criteria

The memo describes an exception (i.e., protects public infrastructure) under which FEMA could rebuild a levee. The memo states this as "(i)n this case, FEMA may fund the levee repair." Unfortunately, use of the word "may" does not clearly state what FEMA would do. I would suggest that FEMA should explicitly state what it would base its rebuild decision on using language along the following lines: FEMA would consider making a public assistance grant to repair the levee based on the following considerations, _________, _________, and __________. (Hopefully, economic and environmental considerations would be in the list).

DRAFT DRAFT DRAFT

SUBJECT: 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 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 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 jurisdictions, 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 food, 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. The 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 SCS signed a memorandum of understanding (MOU) which outlined how the two agencies would delineate responsibility for repair of levees. The agencies agreed 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 MOU, appropriate Corps and SCS officials in each State are identifying the geographic areas of Corps and SCS 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.

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 eligible 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. The SCS will not fund the repair of any levee that would be eligible to participate in the Corps program, but which is not in an active status in the Corps program.

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 levee sponsors responded to the Corps invitation and were accepted into the PL 84-99 program 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. The Corps has determined that these levees are not eligible for Corps assistance. Further, they are ineligible for other Federal funding in accordance with current FEMA, Corps, and SCS policy, with two exceptions.

- The first exception to current policy is when the levee protects critical public infrastructure, e.g., roads, water or wastewater treatment plants, etc., that are at risk behind ineligible levees. In this case, FEMA <u>may</u> 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 eligible for Corps assistance.

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 in which SCS funding is not available and the levee meets the requirements of the first exception (i.e., the levee protects critical public infrastructure, etc.).

OFFICE OF MANAGEMENT AND BUDGET

WATER RESOURCES BRANCH

Telecopier Cover Sheet

Fax Number 202-395-4652 / Office Number 202-395-4590

*** PLEASE VERIFY RECEIPT ***

Date: 10-29

Please deliver the following pages to:

NAME: Kathi Way FAX #:

AGENCY:

FROM: Renée Helm

Number of pages to follow: 8

ADDITIONAL MESSAGES:

Please replace the following pages in your notebook on "Federal ... Floodplain ... Alternatives" at the HUD location.

Oversight on my part, I apologize for any inconvenience.

Note: Three parts.

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

ASSOCIATE DIRECTOR
FOR ECONOMICS AND GOVERNMENT

October 29, 1993

TO: Members of the Midwest Flood Task Force on Community Redevelopment

FROM: Christopher Edley, Jr.

SUBJECT: NOTICE OF MEETING RESCHEDULE: Community Redevelopment Task Force

The first meeting of the Midwest Flood task Force on Community Redevelopment, originally scheduled for Tuesday, November 2, at 3:30 p.m., has been rescheduled for Thursday, November 4, at 2:00 p.m., in the Old Executive Office Building, Room 180. Please plan to attend or send a representative. In order to clear all participants into the building, provide names and birthdates to Ms. Jean Anderson (phone: 395-4610 or fax: 395-1307).

fax: 2 pages

MIDWEST FLOOD COMMUNITY REDEVELOPMENT TASK FORCE

NAME	ORG.	PHONE	FAX
Federal Agencies			
Richard Krimm	FEMA	646-3692	646-4060
Morrie Goodman	FEMA	646-4600	646-4086
Oleta Fitzgerald	USDA	720-0619	720-8819
Bob Nash	USDA	720-4581	720-2080
Gene Morrison	HUD	708-1547	401-6725
Andrew Cuomo	HUD	708-2690	708-3336
Wilber Hawkins	EDA	482-4067	482-0995
Bernard Kulik	SBA	205-6734	205-7728
Michael Huerta	DOT	366-5781	366-7952
Executive Office of the President			
Christopher Edley	OMB-EG	395-3120	395-4639
✓ Kathi Way	DPC	456-7777	456-7028
Ken Ryder	OMB-HTF	395-4516	395-6889
Steve Redburn	OMB-HTF	395-4610	395-1307
Alan Rhinesmith	OMB-HTF	395-7241	395-1292
Roger Adkins	OMB-TCJ	395-5704	395-9208
Harry Meyers	OMB-TCJ	395-3914	395-1150
Mark Weatherly	OMB-NRD	395-3446	395-4941

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 Community Development Block Grant (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 States affected by the floods, loan guarantee assistance is available in FY 1994 for States for use in nonentitlement communities and for use by entitlement communities. Amount for Midwest not determinable. This will depend on demand.

Projected Funding and Accomplishments:

FY 1994 - $2 billion (total available Nationwide)

Section 108 loan guarantees can be used to finance:

- acquisition of real property, relocation of property, homeowners, and businesses;
- rehabilitation of publicly owned real property, including repair and reconstruction of levees, and renovation or reconstruction of public utilities (e.g., water and sewer systems);
- housing rehabilitation, including elevation of properties; 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 the section on the CDBG Program.

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

Program Function: 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: A supplemental appropriation of $200 million was made available for the Midwest flooding. Of this amount, $75 million was distributed to grantees in August 1993. Most State and local governments have established priorities for the use of these funds for land acquisition, housing replacement or repair, matching other Federal programs, and restoring businesses and public facilities.

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 regular CDBG program funds in FY 1993 for distribution to nonentitled areas as follows:

State	$ (in 000's)
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: ($200 Million)

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

$75 million in initial CDBG funds has been made available immediately for immediate recovery needs and long-term revitalization planning from the $200 million supplemental appropriation. 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 nonprofit sectors. This plan would be developed in consultation with the Federal agencies participating in the flood recovery effort. It would be submitted to HUD as part 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 percent) spending requirement must be met (for a period not to exceed 3 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 25 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 percent 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, WS 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)

SHORT-TERM
ENVIRONMENTAL FLOOD RECOVERY
ALTERNATIVE AGENCY PROGRAMS

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

Program Name: HOME

Names of Contacts:

See list given under the Community Development Block Grant (CDBG) program information.

Name and Function of Program: The HOME Program provides formula grants to states and larger cities and urban counties for permanent housing for low-income persons. Funds can be used for acquisition, new construction, rehabilitation, and tenant-based rental assistance. Funds can assist renters and homeowners.

Funding Levels and Predicted Accomplishments: FY 1993 and FY 1993 supplemental HOME allocations were made available within the past few months. In addition, some of the FY 1992 funds allocated may still be available in some jurisdictions.

Projected Funding and Accomplishments: Damage estimates cannot be finally determined until the flood waters recede. Further, some of the losses will be covered by insurance. Therefore, there is no way at this time to estimate the funding needed beyond the amounts already made available.

Program Time Line: FY 1992, FY 1993, and the $50 million 1993 disaster supplemental funds can be used immediately. The HOME statute requires that they be committed to specific projects within 2 years of receipt.

For regular HOME funds to be used in the disaster areas, HUD will reduce matching requirements, will waive the requirements that units meet housing quality standards, and will reduce the waiting period for release of funds under environmental review procedures by 15 days. HUD will also be as flexible as possible in responding to additional waivers requested by jurisdictions.

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

October 29, 1993

Note To: Chris Edley
Kathi Way
Oleta Fitzgerald

From: Bruce D. Long

We are providing a copy of this material to the NGA this afternoon for their review. My office will be scheduling a meeting with them next week to receive their comments. I hope that you, T.J., and Katie will be able to attend.

October 27, 1993

TO: ~~T.J. Glauthier~~
Katie McGinty

THRU: ~~Bruce Long~~
Ron Cogswell

FROM: Vince Montante

RE: Attached Book on Floodplain Management Alternatives

The attached book is provided for your final review and comment.

The agencies involved have reviewed the material and all agency comments have been considered and incorporated where appropriate.

The cover letter needs your special attention. You should also consider sharing this menu with the National Governors Association prior to publication. We intend to use White House letterhead for the final version.

We intend to provide a copy of the book to the following: (1) governors of affected states (2) heads of agencies (3) disaster field offices. The hard cover version will be supplemented with a "soft" cover copy for their use in reproducing the book. We have also discussed with Morrie Goodman (FEMA) broader distribution as part of a general Administration communication effort on the ongoing flood response.

cc: Oleta Fitzgerald
Kathi Way
Chris Edley

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

COVER SHEET

* Number of Pages (excluding cover sheet): 3 Date: 9/15/93

To:

Name: Kathy Way

Address:

Telephone:

FAX Number: 7028

From:

Name: CHRIS HEISER

Address: 725 17TH STREET, N.W.

WASHINGTON, D.C. 20503

Telephone: (202) 395-4610

FAX Number: (202) 395-1307

Time:

SPECIAL INSTRUCTIONS:

FEMA COST SHARE MATERIAL

REIMBURSEMENT POLICY FOR STATES AFFECTED BY MIDWEST FLOODS

Policy Statement: For the time being, the Administration will utilize two alternative standards in evaluating whether FEMA Public Assistance cost share adjustments should be approved for States declared major disaster areas:

(1) States declared separately as a result of a disaster having no relation to other declarations would continue to be evaluated using the $64 per capita qualifying threshold upon which FEMA has historically relied. These cases would indicate situations where individual States are severely impacted, but where the national economy would not seem to be significantly affected; and,

(2) States receiving declarations at the same approximate time as a result of the same or similar events (tornadoes, excessive rain, or hurricane activity), if unable to meet the $64 per capita qualifying threshold, may still receive cost share adjustments if the costs associated with the disaster are of a significant consequence to the national economy. This threshold is being established at .016 percent of the country's gross domestic product (GDP).

Reimbursement of eligible public assistance disaster costs for the nine States affected by the flooding in the Midwest will be on a 90 percent Federal/10 percent State cost share ratio starting with the initiation of the incident period for each specific State.

Rationale: The President has determined that because of the unusual scope, duration, and breadth of the Midwest flooding, a review of the cost share formula was necessary and appropriate. The result of this review was a recommendation for a straight cost share policy of 90 percent Federal/10 percent State for all eligible public assistance costs. While no one State meets Condition (1) stated above, the Condition (2) is met; total FEMA costs for the entire area (all nine States) are estimated at $976 million, or .016 percent of the country's GDP. This recommendation is based on the following factors:

- The flooding severely impacted the entire Midwest region; affecting nine States with 500 counties having been designated for Individual Assistance, Public Assistance, or both;

- The duration of flooding has caused unprecedented disruption of commerce and agriculture which has resulted in significant economic losses to States and communities in addition to the loss of tax bases and revenues;

- Over 100,000 people have registered for assistance. Approximately 45,000 have been determined to be eligible for temporary housing assistance, indicating the extent to which many individuals and families have been displaced from their homes, places of work, and communities; and,

- It is in the best interests of the Nation's economy to expedite a return to economic vitality in these States and communities.

FEMA Four Largest Disasters in Recent History
($ in milions)

	Total Cost Projections	1993 GNP (Midsession)	Impact as a Share of GNP	In % Terms
		6,260,000		
1 Hurricanes Andrew/Iniki:				
Florida	1940			
Louisiana	184			
Hawaii	314			
Total, Hurricanes Andrew/Iniki	2,438		0.00039	0.039%
2 Hurricane Hugo				
Virgin Islands	464			
Puerto Rico	669			
South Carolina	387			
North Carolina	63			
Total, Hurricane Hugo	1,583		0.00025	0.025%
3 Midwest Floods of 1993				
Iowa	139			
Illinois	233			
Missouri	280			
Minnesota	52			
Wisconsin	34			
Nebraska	46			
South Dakota	29			
North Dakota	32			
Kansas	131			
Total, Midwest Floods	976		0.00016	0.016%
4 Loma Prieta Earthquake:				
California	702		0.00011	0.011%

Flood.
Papers may need
upon (from Dugan)
C

→ Redburn, Heiser
ASAP

REIMBURSEMENT POLICY FOR THE MIDWEST FLOODS

Policy Statement: Reimbursement of eligible public assistance disaster costs for the nine States affected by the flooding in the midwest will be on a 90% Federal/10% State cost share ratio rather than the current 75/25 ratio. This ratio will be effective starting with the initiation of the incident period for each specific State.

Rationale: The President has determined that because of the unusual scope, duration and breath of the Midwest flooding a review of the cost share formula was necessary and appropriate. The result of this review was a recommendation for a straight cost share policy of 90 Federal/10 State for all eligible public assistance costs, regardless of the per capita cost impact of the event. This recommendation was based on the following factors:

- The flooding severely impacted the entire Midwest region; affecting nine States, 500 counties have been designated for Individual Assistance, Public Assistance or both.
- The duration of the flooding has lasted up to six months in some states, with some areas experiencing repetitive flooding.
- This duration of flooding has caused unprecedented disruption of commerce and agriculture which has resulted in significant economic losses to States and communities and the concomitant loss of tax bases and revenues.
- Over 100,000 people have registered for assistance. Approximately 45,000 have been found eligible for temporary housing which in some cases has meant individuals have been displaced from their homes and places of work, their communities.
- It is in the best interest of the Nation's economy to expedite a return to economic viability in these States and communities.

Impacts of Policy:

- One time policy supported by extraordinary and unusual circumstances requires new criteria; must not be viewed as a precedent for previous or future disasters.
- Accelerates region's economic and social return to normal.
- All States impacted by this disaster are treated equally.

- Diffuses certain concerns in some States but creates others in States effected by previous disasters such as California, New York, North Carolina.
- Expect questions and pressure from other States that have previously been denied an adjustment.
- Responsive to Presidential statements in Midwest.
- Increases cost burden on Disaster Relief fund and the Federal treasury.
- May not be well received by certain Congressional leaders (Bob Kerrey, John Glenn, etc.).

Final Recommendation of Policy Review:

The Director of FEMA will meet with the State Emergency Services Directors, NGA and others in October to discuss recommendations for cost share policies to be codified in legislation in the coming year.

FEMA Five Largest Disasters in Recent History
($ in milions)

		Total Cost Projections	
1 Hurricane Andrew:			
	Florida	1940	
	Louisiana	184	
Total, Hurricane Andrew		2,124	8.50
2 Hurricane Hugo			
	Virgin Islands	464	
	Puerto Rico	669	
	South Carolina	387	
	North Carolina	63	
Total, Hurricane Hugo		1,583	6.33
3 Midwest Floods of 1993			
	Iowa	139	
	Illinois	233	
	Missouri	280	
	Minnesota	52	
	Wisconsin	34	
	Nebraska	46	
	South Dakota	29	
	North Dakota	32	
	Kansas	131	
Total, Midwest Floods		976	3.90
4 Loma Prieta Earthquake:			
	California	702	2.81
5 Hurricane Iniki			
	Hawaii	314	1.26

September 15, 1993

Midwest Flood States
FEMA Eligible Damages on Per Capita Basis

State	Population (in thousands)	Total Projected Cost ($ in thousands)	Per Capita Impact ($ actual)
Iowa	2,777	139,224	50
Missouri	5,117	280,151	55
Nebraska	1,578	46,203	29
Kansas	2,478	131,474	53
Minnesota	4,375	52,094	12
Wisconsin	4,892	34,232	7
Illinois	11,431	233,365	20
South Dakota	696	29,129	42
North Dakota	639	31,554	49

August 25, 1993

DISASTER DECLARATIONS WITH COST SHARE ADJUSTMENTS

State	Year Declared	Population	Total Projected Cost	Impact Per Capita
West Virginia	1985	2,000,000	$128,000,000	$64
Virgin Islands DR-841	1989	150,000	$478,000,000	$3,187
Puerto Rico DR-842	1989	3,300,000	$672,000,000	$204
South Carolina DR-843	1989	3,100,000	$413,000,000	$133
American Samoa DR-855	1990	49,000	$26,300,000	$537
American Samoa DR-927	1992	46,733	$54,000,000	$1,156
Rep. of Marshall Islands* DR-925	1992	49,000	$3,300,000	$67
Rep. of Marshall Islands* DR-932	1992	49,000	$2,200,000	$45
Florida DR-955	1992	12,957,926	$2,060,000,000	$159
Louisiana DR-956	1992	4,219,973	$247,018,077	$59
Guam DR-957	1992	133,152	$66,200,000	$497
Hawaii DR-961	1992	1,108,229	$598,480,932	$540
Rep. of Marshall Islands DR-971	1993	49,000	$3,400,000	$69

* These two requests for the Republic of the Marshall Islands were considered jointly for the cost share adjustment. These occurred within close time proximity placing an even greater burden on RMI for recovery.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

COVER SHEET

Number of Pages (excluding cover sheet): ______ Date: 9/18

To:

Name: Kathi Way

Address:

Telephone: 7777

FAX Number: 7739

From:

Name: STEVE REDBURN

Address: 725 17TH STREET, N.W.
WASHINGTON, D.C. 20503

Telephone: (202) 395-4610

FAX Number: (202) 395-1307

Time:

SPECIAL INSTRUCTIONS: My staff drafted answers to some of the NGA's questions. I will FAX to Marge Segal as soon as I can get FAX #.

August 30, 1993

09/14/93 14:17

09/18/93 04:49 PROCESS & CTL BR → 202 395 1367 HOUSING/FEMA BRANCH 014

HUD FLOOD ASSISTANCE SERVICE TEAM (FAST)

UD/CPD Contacts

		Telephone	FAX	Address
HEADQUARTERS (CDGB):	JOHN M. SIMMONS	202-708-3587	202-708-3363	HUD Headquarters 451 7th St., SW Washington, DC 20410
(HOME):	MARCIA K. DODGE	202-708-2685	202-708-1744	
FIELD OFFICES				
ILLINOIS	RICHARD WILSON	312-353-2977	312-353-5417	HUD Chicago Regional Office Ralph H. Metcalf Fed. Building 77 W. Jackson Boulevard Chicago, IL 60604
IOWA	WILLIAM McNARNEY	515-284-4512	515-284-4743	HUD Des Moines Office Federal Building 210 Walnut Street, Room 239 Des Moines, IA 50309-2155
KANSAS	MIKE MADRIGAL	913-236-2184	913-236-2116	HUD Kansas City Regional Office Gateway Tower II 400 State Avenue Kansas City, KS 66101-2406
MINNESOTA	SHAWN HUCKLEBY	612-370-3019	612-370-3220	HUD Minneapolis-St. Paul Office 220 Second Street, South Minneapolis, MN 55401-2195
MISSOURI (Western)	MIKE MADRIGAL	913-236-2184	913-236-2116	HUD Kansas City Regional Office Gateway Tower II 400 State Avenue Kansas City, KS 66101-2406
(Eastern)	DAVID LONG	314-539-6521	314-539-6575	HUD St. Louis Office 1222 Spruce Street, Room 3207 St. Louis, MO 63103-2836
NEBRASKA	GREGORY BEVIRT	402-492-3144	402-492-3150	HUD Omaha Office 10909 Mill Valley Road Omaha, NE 68154-3955
NORTH DAKOTA & SOUTH DAKOTA	BARBARA RICHARDS	303-844-3811	303-844-2475	HUD Denver Regional Office Executive Tower Building 1405 Curtis Street Denver, CO 80202-2349
WISCONSIN	LANA VACHA	414-297-3113	414-297-3947	HUD Milwaukee Office Henry S. Reuss Federal Plaza 310 West Wisconsin Ave., Suite 1380 Milwaukee, WI 53203-2289

for-one replacement of lower income housing. Accordingly, if the project depends on the waiver of the one-for-one replacement requirement, the grantee must avoid spending any regular CDBG or HOME funds in the project.

* Antidisplacement Plan requirements, including one-for-one replacement, apply to all expenditures of regular HOME funds occurring after the participating jurisdiction submits its FY 1994 CHAS.

Illegal Occupancy

QUESTION: What happens if a person displaced by the flood returns to occupy the property in violation of local ordinance prohibiting such occupancy?

ANSWER: The Uniform Relocation Act regulations provide that certain "unlawful occupants" do not qualify for relocation assistance even when displaced as a result of acquisition, demolition or rehabilitation for a federally assisted project. Questions about "unlawful occupancy" must be addressed on a case-by-case basis. Contact the HUD CPD relocation specialist responsible for your area.

One-for-One Replacement Housing Requirements

QUESTION: What are the one-for-one replacement housing requirements?

ANSWER: Projects subject to the Residential Antidisplacement and Relocation Assistance Plan (see 24 CFR 570.488(c)(1) for the State CDBG Program and 24 CFR 570.606(c)(1) for the CDBG Entitlement Program) must not diminish the supply of "lower income housing." Consequently, all occupied and vacant occupiable lower income housing that is demolished or converted to a use other than lower income housing for an assisted project must be replaced with lower income housing.

The current CDBG regulation requires that all lower income housing that has been occupied at any time within the 1-year period before the demolition or conversion must be replaced whether or not it is suitable for rehabilitation. Accordingly, unoccupied flood damaged units that are demolished for an assisted project may require replacement unless the project is funded solely by appropriations that are not subject to the Antidisplacement Plan.

QUESTION: Has HUD waived the one-for-one replacement requirements for any CDBG or HOME funds?

ANSWER: HUD has waived the one-for-one housing replacement requirements for the special CDBG ($200 million) and HOME ($50 million) funds contained in the Emergency Supplemental Appropriations Act of 1993 (P.L. 103-75) for Midwest Flooding. HUD has not, however, waived the Antidisplacement Plan relocation assistance requirements.

Of course, if regular CDBG or HOME* funds are expended in a project, the project is subject to all of the Antidisplacement Plan requirements, including the one-

Although the acquisition of floodplain property generally does not qualify for the "voluntary transaction" exemption under 49 CFR 24.101(a)(1), the grantee is free to carry out an acquisition program that it limits to amicable agreements. If the property is not occupied and the funding is not subject to Section 414 of the Disaster Relief Act, such an acquisition program should not present any significant cost differences. If the property is occupied, the grantee could condition its purchase on the owner's waiver of all or part of the relocation payments otherwise payable.

Acquisition Prices

QUESTION: How do you determine the acquisition price of property damaged by a flood?

ANSWER: Under the URA and most state eminent domain laws, the grantee must offer the current "as is" market value of the property, determined on the basis of an appraisal.

NOTE: In an unusual case, a state eminent domain law (e.g., Pennsylvania) may require the grantee to offer the greater of (1) the "as is" market value at the time of the acquisition, or (2) the "pre-flood" market value. HUD recognizes this method only when mandated by State law for all public acquisitions. Where State law is discriminatory (e.g., applies only to federally assisted projects), or the policy is adopted unilaterally by the grantee but is not required by State law, HUD does not recognize as eligible those costs in excess of the "as is" market value.

Impact of Flood Insurance on Relocation Payments

QUESTION: How do flood insurance payments affect relocation payments?

ANSWER: Duplicate compensation is prohibited. The amount of any insurance proceeds which the person receives to cover damages to the realty caused by the flood is added to the acquisition payment to determine the "acquisition cost" for purposes of computing a URA replacement housing payment for a 180-day homeowner. (The "acquisition cost" is subtracted from the cost of a replacement dwelling to determine the price differential component of a replacement housing payment.)

provided under State or local law, the grantee must make a written determination that the assistance is appropriate and adopt a written policy (Optional Relocation Assistance Program), available to the public, that describes the relocation assistance to be provided and provides for equal relocation assistance within each class of displaced persons. See 24 CFR 570.488(d) (State Program) and 24 CFR 570.606(d) (Entitlement Program).

QUESTION: How can a CDBG Optional Relocation Assistance Program help flood victims?

ANSWER: A CDBG Optional Relocation Assistance Program can be tailored by a grantee to provide the best possible balance between needs and available resources. The grantee can design a program that meets its special circumstances. It could, for example, limit grants to persons who are buying or renting housing (new construction or existing housing) in areas outside the floodplain. Also, the grantee need not acquire a person's old home in the floodplain to make such a relocation payment. It could elect to provide every person the same amount of money, or it could base payments on a person's income or the size of the replacement home needed. The Optional Relocation Assistance Program provides the most flexible tool in the Federal arsenal for addressing the impact of a flood or other disaster.

QUESTION: What is the HOME Optional Relocation Assistance Program?

ANSWER: The HOME Optional Relocation Assistance Program is much more limited than the CDBG Program. It covers only persons displaced by a project assisted with HOME funds. The other HOME Optional Relocation Assistance Program provisions are similar to CDBG.

Voluntary Acquisitions

QUESTION: Can the acquisition of property in a floodplain qualify as an arm's-length "voluntary transaction" that is exempt from most URA requirements?

ANSWER: Generally not. An arm's-length "voluntary transaction" under the URA regulations at 49 CFR 24.101(a)(1) must comply with a requirement that the property not be part of a "designated project area where all, or substantially all, of the property in the area is to be acquired within specific time limits."

or rehabilitated for an assisted project. While these persons would not be eligible for a URA or Antidisplacement Plan replacement housing payment, however, the grantee could adopt and provide payments under a CDBG Optional Relocation Assistance Program.

QUESTION: What happens if funds not subject to Section 414 are mixed with regular CDBG, HOME or FEMA funds that are subject to Section 414?

ANSWER: As described above, the waiver of Section 414 applies to only certain HUD disaster relief appropriations. Whenever regular CDBG, HOME or FEMA funds are expended in a project carried out in a Presidentially Recognized Disaster Area, the project is subject to Section 414 of the Disaster Relief Act. Accordingly, if the waiver of Section 414 is important to the project, the grantee must avoid using in the project any Federal funds (e.g., regular CDBG or HOME funds) that are subject to Section 414. Otherwise, the acquisition, renovation or demolition of homes rendered unoccupiable by the flood would trigger URA replacement housing payments for the former occupants.

QUESTION: If Section 414 applies, how do you determine a URA replacement housing payment?

ANSWER: When Section 414 is triggered, URA replacement housing payments are computed in the same manner as they would be if the property was occupied. For example, suppose a flood-damaged home has a market value of $10,000, and a "comparable replacement home" costs $60,000. Under the open-ended URA replacement housing payment provisions in 49 CFR Part 24, a displaced homeowner could qualify for a replacement housing payment equal to $50,000 ($60,000 minus $10,000), plus incidental expenses, and any increased mortgage interest costs.

Optional Relocation Assistance Programs

QUESTION: What is a CDBG Optional Relocation Assistance Program?

ANSWER: Under section 105(a)(11) of the HCD Act of 1974, a grantee may provide relocation payments and other relocation assistance to persons displaced by activities that are not covered by the URA or section 104(d) (Residential Antidisplacement and Relocation Assistance Plan). The grantee may also provide assistance to persons covered by the URA or the Antidisplacement Plan at levels in excess of those required by such provisions. Unless such assistance is

D. RELOCATION, REAL PROPERTY ACQUISITION AND ONE-FOR-ONE REPLACEMENT HOUSING

Section 414 of Stafford Act

QUESTION: What is Section 414 of the Disaster Relief Act?

ANSWER: Section 414 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act makes additional persons eligible for a Uniform Relocation Act (URA) replacement housing payment by waiving URA occupancy requirements that the person cannot meet. Ordinarily, to be eligible for a URA replacement housing payment, a person must have occupied the property for a specified period of time (e.g., 90 or 180 days) immediately before the date that triggers eligibility.

When a person is displaced from his or her home by a Presidentially Declared Disaster or other cause that precedes the federally assisted project (and cannot return), the person does not meet the occupancy requirements for a URA replacement housing payment. By waiving the URA occupancy requirements, Section 414 makes a non-occupant eligible for a URA replacement housing payment if the person's property is acquired, renovated or demolished for a federally assisted project (even though the person was displaced by the earlier disaster, not the federally assisted project).

QUESTION: When does Section 414 of the Disaster Relief Act apply?

ANSWER: Section 414 applies to the expenditure of any Federal funds in a Presidentially Recognized Disaster Area, except those special appropriations that permit HUD to waive Section 414. HUD has waived Section 414 in connection with the $200 million in CDBG funds and $50 million in HOME funds provided by the Emergency Supplemental Appropriations Act of 1993 (P.L. 103-75) for the recent Midwest flooding areas.

QUESTION: What happens when Section 414 of the Disaster Relief Act is waived?

ANSWER: The usual URA (and Antidisplacement Plan, if applicable) rules apply. Homeowners and tenants displaced by the disaster (e.g., flood) and not occupying the property when the federally assisted project is carried out do not qualify for a replacement housing payment or a URA moving expense and dislocation allowance. Such persons would, however, be eligible for payment of actual, reasonable moving and related expenses incurred in moving any personalty from the real property if the property was acquired, demolished construct new housing, the property standards at Section 92.251 apply.

The HQS waiver for regular HOME funds applies only to the extent such funds are used to repair flood- or storm-damaged properties in areas covered by the disaster declaration.

Matching Requirements

QUESTION: Must HOME disaster funds be matched? To the extent that regular HOME funds are spent in disaster areas must they be matched?

ANSWER: The requirement to match disaster HOME funds has been waived unconditionally. This waiver applies until the disaster funds are expended. The HOME Investment Partnership Agreement for Disaster Areas limited this waiver to apply only to expenditures during FY 1993 and FY 1994. The Agreement is being modified to reflect that no match is required in any fiscal year.

However, to the extent that regular HOME funds are being spent in disaster areas, the match liability is reduced to zero for only FY 1993 and FY 1994.

CHAS Requirements

QUESTION: What are the implications for a jurisdiction's CHAS in receiving disaster funds?

ANSWER: Among the certifications that were waived for HOME disaster funds is the certification of consistency with an approved CHAS. While this eliminates the need to do an immediate amendment to the CHAS, when PJs prepare their FY 1994 CHAS submission they must update the needs data and condition of housing stock data to support either new or expanded priorities in disaster-damaged or surrounding areas.

C. HOME FUNDS

Eligible Activities

QUESTION: How can HOME funds be used to assist families affected by the disaster?

ANSWER: HOME funds may be used to rehabilitate, reconstruct, or newly construct housing for families whose properties were damaged or destroyed by the disaster. Funds may also be used to acquire another home by funding a downpayment, closing costs, or a mortgage. HOME funds may be used for rental assistance, helping families to pay security deposits and a portion of the rent. All families must be income eligible, i.e., at or below 80 percent of median income.

Buy-Outs

QUESTION: Can HOME funds be used to "buy out" a damaged property i.e. pay the owner of the unit for the property?

ANSWER: No, HOME funds must be used for an affordable housing unit. They may help rehabilitate an existing unit, demolish an unsalvageable unit and reconstruct a new unit on the same lot, or build/finance the acquisition of another property, either with an existing structure or to construct a new structure.

Housing Quality Standards

QUESTION: Section 8 Housing Quality Standards (HQS) were waived with regard to the disaster funds, and, under certain circumstances, with regard to regular HOME funds. What does this mean?

ANSWER: The Department wanted State and local government officials to have the flexibility to make emergency repairs, correcting conditions endangering health and safety, in storm or water damaged property without having to do a complete rehabilitation. This waiver would allow damaged properties to be made habitable for families anxious to move back into their homes. PJs may, at their discretion, apply HQS or a higher standard to the repair of damaged property. However, to the extent that HOME funds are being used to rehabilitate existing, undamaged stock or

B. COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

Buy-Outs

QUESTION: The statute requires that CDBG funds be used for repair, replacement, or restoration of facilities damaged by the disasters. May a grantee use CDBG disaster funds to "buy out" damaged properties from affected families and would the cash payments to these families for the cost of the acquired properties qualify as "replacement" of "facilities" under the statute?

ANSWER: Yes, provided the grantee requires each recipient to sign a certification, subject to verification by HUD, stating that the funds will be used expressly for the purpose of replacement housing.

Linkage between Affected Families and Units

QUESTION: Can a grantee use CDBG disaster funds to construct or rehabilitate homeowner or rental housing units in an area with large numbers of structures damaged or destroyed by the disasters, without linking each unit to a specific disaster-affected family?

ANSWER: A grantee may provide such housing without a direct "one-for-one" link between each unit and a disaster-affected family. As a matter of policy, however, a grantee would be expected to try to ensure that affected families find suitable replacement housing. Moreover, while each disaster-affected family need not be provided with its own replacement housing, the statutory limitation on "replacing" housing does mean there can only be unit-for-unit replacement. The number of new units to be provided is limited to the number affected by the disaster and to be replaced. As with the regular CDBG program, any such housing activity funded with CDBG disaster funds must also meet a national objective.

QUESTIONS AND ANSWERS ON USE OF HUD MIDWEST FLOOD DISASTER RELIEF FUNDS

A. COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME FUNDS

Pre-Agreement Costs

QUESTION: How far back from the date of the grant agreement can a grantee incur pre-agreement costs for CDBG or HOME disaster funds?

ANSWER: A State or State recipient under CDBG can incur costs for activities starting with the date the jurisdiction was declared a Federal disaster area by FEMA due to damages from flooding, high winds, hail and other disasters during the spring and summer of 1993. All such activities must be eligible and undertaken in accordance with the requirements of 24 CFR Parts 58 and 570 Subpart I.

For CDBG Entitlement Communities, because disaster recovery funding is occurring in two stages, HUD has already waived pre-agreement cost limitations to permit grantees to reimburse local funds for costs incurred in excess of the initial grant amounts, but only if such costs were incurred on or after the date of the grant agreement. The waiver will, however, be extended to cover costs incurred on or after the date the jurisdiction was declared a Federal disaster area by FEMA. All activities must be eligible and undertaken in accordance with the requirements of 24 CFR Parts 58 and 570.

For either State or local participating jurisdictions under HOME, the approved grant agreements do not authorize pre-agreement costs, but the agreements will be modified to authorize costs to be incurred as of the date the jurisdiction was declared a Federal disaster area by FEMA. All activities must be eligible and undertaken in accordance with the requirements of 24 CFR Parts 58 and 92.

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL # of pages ▶ 10

To Joseph Firschein	From Don Patch
Dept/Agency OMB	Phone # 202 708 3587
Fax # 202 395 1307	Fax # 202 708 3363

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

Response:

The best source of information for most of the specific housing issues would be the written guidance already provided by HUD. Material already given to each state and entitlement community includes the following:

- o Grant agreement with certifications;
- o Waiver descriptions and justifications;
- o Special contract conditions;
- o Guidance on special restrictions; and
- o Question-and-Answer guidance.

In particular, the Question-and-Answer guidance piece sent out in early September covers use of CDBG and HOME disaster relief funds for buy-outs and gives extensive coverage to relocation issues.

In addition to the written documentation, the HUD Field Office in each of the nine affected states has a contact person designated as part of HUD's Flood Assistance Service Team (FAST). See attached sheet for these contacts (name, telephone, fax, and address)for each state.

Question 4: There are serious discrepancies between State damage estimates and FEMA estimates. At what point and in what manner can we resolve these?

Response:

The Federal Coordinating Officers (FCOs) in each affected State are in constant contact with State officials and FEMA headquarters officials reviewing and evaluating damage estimates. It is not surprising that State damage estimates are higher than Federal ones; States have a natural incentive to come in with high damage estimates so as to maximize Federal cost sharing. While this situation is common to almost all disasters, FEMA makes every effort to work intensively with State officials to iron out differences and to base reimbursements to States on estimates derived from cooperative FEMA-State relationships. FEMA will continue to work with States in investigating discrepancies and resolving differences.

FLOOD QUESTIONS

Question 2: If states use money from current year appropriations for flood recovery efforts, can they receive reimbursement from the emergency supplemental? Do the waiver provisions of the emergency supplemental apply if current year funds are used?

Response with respect to HUD:

States can incur costs to be reimbursed with Community Development Block Grant (CDBG) disaster relief funds back to the "incident date" established for the State by FEMA at the time the State was declared a Federal disaster area. If States use regular CDBG funds for any eligible CDBG disaster relief activities, they can be reimbursed with CDBG disaster relief funds back to the "incident date" of the disaster.

The waiver provisions of the emergency supplemental only apply to the supplemental CDBG funds, not to regular CDBG funds; however, HUD is willing to consider granting waivers in specific circumstances where application of the regulatory requirement would adversely affect the purposes of the Act.

With regard to HOME funds, the Department has provided a number of waivers of regular funds used in disaster areas. These include (1) elimination of FY 1993 and FY 1994 matching requirements with respect to any HOME funds expended in Presidentially-declared disaster areas; (2) waiver of the requirement that assisted units must meet housing quality standards (only for properties damaged by the disaster); (3) reduction in the environmental review comment period from 30 days (two 15-day periods) to a single 15-day period; and (4) elimination of the prohibition on paying impact fees with HOME funds.

Response with respect to USDA:

The Ag branch has advised us that States using regular USDA annual appropriations funds for flood recovery efforts may not use supplemental appropriations to "backfill" depleted coffers.

Response with respect to FEMA:

States do not receive normal annual appropriated funds from FEMA for disaster relief, therefore, this question is not relevant with respect to FEMA.

Question 3: We have a number of specific housing issues that are not resolved. What is the most efficient way to get answers? These questions include proper use of CDBG and HOME funds, as well as use of funds for buyouts and relocation purposes.

DURBIN 1

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

20-Sep-1993 12:31pm

TO: Kevin F. Neyland

FROM: Christopher F. Edley, Jr
Office of Mgmt and Budget, EG

CC: Francis S. Redburn
CC: Christopher Heiser
CC: Martha Foley
CC: T J Glauthier

SUBJECT: Durbin/FEMA match

1. We need to be sure that Durbin knows ASAP when the announcement is going to take place. Martha Foley has made a commitment to give him an early notice. So please make sure the loop is closed. HAS THERE BEEN A DECISION ON TIMING?

2. Durbin, and presumably reps from other states, will want to know how the new policy will affect them. And the press will want to know the budget impact of the new policy. Please make sure the relevant agencies are working on answers to those questions.

3. What was Kathyi Way's decision regarding the applicability of the new match policy to non-FEMA programs?

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

ac: Way file

THE DIRECTOR

August 3, 1993

AUG - 4 REC'D

The Honorable Robert C. Byrd
Committee on Appropriations
United States Senate
Washington D.C. 20510

Dear Chairman Byrd:

The Administration has requested that the pending emergency supplemental appropriations bill for disaster relief to victims of flooding in the Midwest be amended to lift the ceiling on SBA disaster loans to $750,000 from the current $500,000 figure. We have also requested an additional $10 million in credit subsidy budget authority for that loan program.

We understand that Senator Harkin may offer an amendment that would, instead, raise the loan amount limit to $1.5 million and provide $20 million in credit subsidy budget authority. We also understand that the higher loan amount limit would apply only to loans related to the 1993 Midwest Flood disaster. The Administration would support such an amendment.

Once again, we thank you for your continued leadership on this urgent legislative task.

Sincerely,

Leon E. Panetta
Director

Way
Burke

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

THE DIRECTOR

AUG 4 1993

AUG 4 REC'D

file

Honorable Robert C. Byrd
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

It is my understanding that when the Senate returns to H.R. 2667 this morning, the pending business will be an amendment which would eliminate the 50 percent pro rate for agriculture disaster payments. The Administration did not take a position on the amendment as originally offered since it was limited to 1993 crop losses. It is my further understanding that the amendment now has been modified to permit the Secretary of Agriculture to make retroactive payments to farmers who suffered crop losses from 1990-1992 in order to receive payments up to 100 percent of their eligible claims.

The Administration estimates that this amendment, as modified, would increase the cost of the Federal crop disaster assistance program from $1.4 billion to $4.8 billion. While the Administration did not take a position on the underlying amendment to strike the 50 percent pro rate, we must oppose the amendment as modified.

There simply is no basis for using the emergency authority to make retroactive payments for crop losses that occurred as far back as 1990. Were the emergency designation not used, enactment of this amendment would, under the Budget Enforcement Act, necessitate a reduction of FY 1994 discretionary spending of several billion dollars.

Sincerely,

Leon E. Panetta
Director

cc: Way

File

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

THE DIRECTOR

AUG 2 1993

Honorable Robert C. Byrd
Chairman
Committee on Appropriations
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 2348, the Legislative Branch Appropriations bill, FY 1994, as passed by the House and by the Senate. As you develop the conference version of the bill, your consideration of these views would be appreciated.

Section 318 would prohibit permanently the use by the Executive Branch of funds appropriated or made available from any source for the procurement or production of any printing or duplicating unless such procurement or production were by or through the Government Printing Office (GPO). This provision could have the effect of increasing the scope of the statutory authority of GPO over "printing, binding, and blank-book work" (44 U.S.C. 501) to include duplicating. Specifically, the provision would dramatically expand the GPO monopoly provided under current law to include "the processes of: Composition; platemaking; wet and dry offset; letterpress; gravure; flexography; ink jet; electrostatic or other copying; laser or variable imaging; silk screen processes; production of an image on paper or other substrate by any means or equipment; binding; microfilm; or the end items of such processes" (sec. 318(a)(3)).

The Administration objects to the language of section 318 for several reasons. First, Congress authorized the General Services Administration (GSA) to provide printing, duplicating, and photocopying services to other Federal agencies in sections 103 and 201 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 293 and 40 U.S.C. 481). Furthermore, section 318, which would establish a GPO monopoly over all printing and binding operations within the Federal government, promotes barriers to competitive operations within the Federal government and is counter to the Administration's goal to reinvent government operations.

By establishing an unnecessary procurement bottleneck, the provision would adversely affect the efficient use of laser printers and copiers by Executive Branch agencies in furtherance of their missions. In addition, the provision is inconsistent with GPO's strategic plan, "GPO/2001: Vision for a New Millennium." That plan recognizes that the key to GPO's future is as a value-added service provider that the Executive agencies will utilize because of the efficiencies and economies that GPO can provide. Enactment of this provision would also discourage cooperation between the Executive Branch agencies and GPO. The provision would place GPO, a Legislative Branch agency, in the position of managing Executive Branch agency activities.

Finally, as a matter of comity between the Legislative and Executive Branches of government, the Executive Branch normally does not comment on the Legislative Branch Appropriations bill. Similarly, the Legislative Branch bill is not normally used to place requirements on the Executive Branch agencies. Regrettably, section 318, adopted on the Senate floor, violates this long-standing practice. Section 318 would place restrictions on the operation of Executive Branch agencies and, thus, violate the principle of comity. Therefore, we are obliged to comment and urge that the bill be kept free of such provisions.

Nevertheless, we recognize the concerns that we believe motivated the Senate to include section 318 in its version of the bill. The Joint Committee on Printing (JCP) has concluded, with respect to the Defense Department, that the high volume printing and duplicating requirements that section 318 is meant to cover are not always being satisfied in the most cost-effective manner. While the Department has not agreed with the JCP's specific findings to date, it is plausible that opportunities for savings can be identified, both in Defense and in other Federal agencies. OMB would be happy to work with the Congress over the next several months to identify such opportunities and to ensure that the government is getting the most for its printing dollar.

While recognizing these concerns, for the reasons stated above, the Administration urges the conferees to delete section 318. This provision would significantly expand the GPO role beyond what is contained in current law. We look forward to working with the conferees to address our mutual concerns.

Sincerely,

Leon E. Panetta
Director

Identical Letters Sent to Honorable Mark O. Hatfield,
Honorable Harry Reid, Honorable Connie Mack,
Honorable Robert C. Byrd, Honorable William H. Natcher,
Honorable Joseph M. McDade, Honorable Vic Fazio,
and Honorable C. W. Bill Young

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

THE DIRECTOR

cc: Way
file

AUG 3 1993

Honorable Robert C. Byrd
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The Administration commends the Senate Appropriations Committee for acting expeditiously to approve requested legislation that will provide urgently needed assistance to the flood-stricken areas of the Midwest. The Administration is committed to working with the Congress to ensure mutual agreement on funding needs.

The Administration supports passage of H.R. 2667, as reported by the Senate Appropriations Committee. In order to expedite action on the bill, the Administration urges the Senate to keep the bill free of amendments that are not related to providing relief to victims of the flood.

The Administration continues to review the cost estimates for disaster assistance programs. Based on this review, we urge the Senate to approve funding beyond the levels requested and approved by the Committee for the following accounts:

- $11.1 million in contingent appropriations for title III of the Job Training Partnership Act, which authorizes assistance to dislocated workers. This additional funding would be available for the Secretary of Labor to finance temporary jobs to repair damage caused by the flooding in the Midwest, clean up affected areas, and provide public safety and health services. This amount is in addition to the $43.5 million already approved by the Committee;

- $2 million in contingent appropriations for the Commission on National and Community Service. The Commission helps to finance State-level Youth Corps and Conservation Corps programs to assist in disaster clean-up activities. The $2 million, which is in addition to the $2 million approved by the Committee, would fund the participation of young people in youth corps services over the next year to help with disaster relief services.

- $100 million in contingent appropriations for the Department of Commerce, Economic Development Administration. These funds, which are in addition to the $100 million approved by the Committee, would be used to promote the long term recovery efforts in the region affected by the floods.

- $10 million in contingent appropriations for the Small Business Administration Disaster Loan program account. These resources, which are in addition to funds approved by the Committee, would provide additional loan authority of $49 million. Language is requested that would increase from $500,000 to $750,000 the current law limitation on business disaster loans. This increase in the limitation would be available to victims of the flood;

Each of these requests would be available only to the extent that the President subsequently submits an official budget request to the Congress that designates the entire amount of the request as an emergency requirement, pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended.

I understand that an amendment may be offered by Senator Stevens to provide economic assistance related to the destruction of chum salmon in the Arctic-Yukon-Kuskokwim River region. While we are sympathetic to the hardships endured by the residents of this region, we believe their needs can be met with existing resources. We will work with the Bureau of Indian Affairs, the Economic Development Administration, the Department of Housing and Urban Development and USDA to identify steps that can be taken administratively to respond to this problem.

We look forward to working with the House and Senate Appropriations Committees as the bill moves through the Congress.

Sincerely,

Leon E. Panetta
Director

Identical Letters Sent to Honorable William H. Natcher, Honorable Joseph M. McDade, and Honorable Mark O. Hatfield.

Way

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

THE DIRECTOR

file

August 4, 1993

AUG 4 REC'D

The Honorable Robert C. Byrd
Committee on Appropriations
U.S. Senate
Washington, DC 20510

Dear Chairman Byrd:

We understand that Senators Simon and Bond may offer an amendment to the emergency supplemental disaster appropriations bill. Their amendment would substitute the House-passed provision concerning local rail assistance.

The Administration would support such an amendment.

Sincerely,

Leon E. Panetta
Director

cc: Senator Kit Bond
Senator Paul Simon

OFFICE OF MANAGEMENT AND BUDGET
WATER RESOURCES BRANCH
Telecopier Cover Sheet
Fax Number 202-395-4652 / Office Number 202-395-4590

Date: September 23, 1993

Please deliver the following page(s) to:

Bob Stearns	DOD/CORPS
Oleta Fitzgerald	USDA
Richard Krimm	FEMA
Michele Altemus	DOI/FWS
David Davis	EPA/OWOW
Michael Huerta	DOT

cc:	Katie McGiney	WH/OEP
	William Stelle	WH/OEP
	T.J. Glauthier	OMB
	Chris Edley	OMB
	Kathi Way	DPD
	Brian Burke	DPC
	Mark Schaefer	OSTP
	Ron Cogswell	OMB
	Bruce Long	OMB
	Mark Weatherly	OMB
	Stuart Kasdin	OMB
	Scott Cameron	OMB
	Chris Heiser	OMB
	Kevin Neyland	OMB

Attached is a copy of SCS's Draft Emergency Wetland Reserve Program guidance. You may provide additional copies of the draft guidance to others in your organization who may have an interest. Please review the draft guidance and provide your comments **by COB Friday** to either Bruce Long or Jim Kazel (202-395-4590, fax 202-395-4652).

Ten pages are attached.

DRAFT
9/23

Midwest Floods of 93

Emergency Wetland Reserve Program

Issue:

Development of procedures for placement of land into the Emergency Wetland Reserve Program under the Emergency Supplemental Appropriations for Relief from the Major, Widespread Flooding in the Midwest Act of 1993.

Background:

Many agricultural producers have suffered a devastating loss to both homes and cropland as a result of the Midwest flood of 93. In some areas of flooded cropland it is impractical and cost prohibitive to restore the land to pre-flood conditions. In these areas there is an opportunity to restore and protect wetlands by offering landowners the option of enrolling this land in the Emergency Wetlands Reserve Program.

The Act states, "Provided further, that if the Secretary determines that the cost of land and levee restoration exceeds the fair market value of an affected cropland, the secretary may use sufficient amounts from funds provided under this head to accept bids from willing sellers to enroll such cropland inundated by the Midwest floods of 1993 in any of the affected states in the Wetlands Reserve Program as authorized by Sub-chapter C of Chapter 1 of Subtitle D of Title xii of the Food

Security Act of 1985 (16 U.S.C. 3837)." Page 6 of the Senate Committee on Appropriations Report on the Act states, "In addition, the request would allow the Secretary of Agriculture to accept bids from willing sellers to enroll cropland into the Wetlands Reserve Program if the cost of restoring the cropland and rebuilding levees exceeds the fair market value of the affected cropland".

It is the intent of Congress for the Soil Conservation Service (SCS) to use the most cost-effective approach for restoration and future protection of cropland based upon the fair market value of the cropland which was inundated because of damaged levees.

Recommended Policies:

1. The Emergency Wetland Reserve Program will be available for land inundated by the Flood of 93 in the Midwest states of South Dakota, Minnesota, Wisconsin, Nebraska, Iowa, Kansas, Missouri, and Illinois. North Dakota will not be eligible due to a state prohibition on perpetual easements.

2. The Emergency Wetlands Reserve Program will be offered to the landowner of cropland for which the cost of reclamation exceeds the fair market value. The following lands can be included: (a) farmed wetland (b) prior converted wetlands (c) wetlands farmed under natural conditions (d) potential wetlands (e) buffer

areas (f) riparian areas (g) inclusions (h) non-cropped natural wetlands if needed for the protection of the other eligible acquired lands

Fields will be determined eligible when at least 75 percent of the area is cropland and has prior converted wetlands, farmed wetlands, potential wetlands, and wetlands farmed under natural conditions. The remaining 25 percent may have any combination of other non-restorable lands.

3. Environmental and Wetlands Considerations.

All wetlands within the relief area will be determined before any technical or financial assistance is provided. (EWP, ECP, etc.) According to the National Food Security Manual, as outlined in Attachment 1, landowners will be encouraged to restore wetlands, in lieu of reclamation of cropland, through the Emergency Wetlands Reserve Program and other Federal or State programs designed for wetland restoration.

4. For cropland to be eligible for consideration in the Emergency Wetlands Reserve Program, the total cost of field reclamation must be greater than the fair market value (FMV) of the cropland. The FMV is the lesser of

post-flood conditions as if reclaimed or the landowners acceptance of the estimated reclamation cost. The procedure to estimate FMV for preliminary consideration in the EWRP shall be the agriculture use income capitalization method. The final procedure to determine FMV shall be based on on-site determinations.

5. Cropland reclamation cost will include all individual, corporate, and governmental expenditures or values for the following items:

   A. Remove or replacement of material within a field.
   B. Disposal or borrow areas.
   C. Mixing material in a field.
   D. Repairing field roads, stream crossings, fences, conservation practices, and any other farm infrastructure.
   E. Restoring drainage and irrigation facilities.
   F. Restoring fertility.
   G. Technical assistance.

6. Levee repair cost will include all individual, corporate, and governmental expenditures or values for the following items:

   A. Construction.
   B. Disposal or borrow areas.
   C. Technical assistance.

7. Timetables

A. Landowner intent for participation in the Emergency Wetlands Reserve Program will be received by SCS by November 1.

B. ASCS will determine basic eligibility due to ownership and cropping history (land has been cropped 1 out of the last 5 years).

C. By November 15, 1993, SCS, in consultation with FWS, will:

(1) Determine eligibility of lands using existing WRP land eligibility plus potential wetlands

(2) Determine wetland restoration feasibility.

(3) Inform landowners of what will be done to restore the area to wetlands.

(4) Determine estimated wetland restoration cost.

(5) Conduct a functional assessment to evaluate the potential of land as a wetland.

(6) Select potential wetland restoration sites.

D. By December 1, 1993, the landowner will be notified whether or not the land can be enrolled in the Emergency Wetland Reserve Program.

E. By December 15, 1993, the landowner can affirm his interest in the Emergency Wetlands Reserve Program.

F. SCS and FWS will develop the plan for wetland restoration and proceed according to the implementation process established under WRP.

G. Any exceptions to the timetable will be made by the Director of the Watershed Projects Division.

Note: The dates contained in the timetable are critical in order for WPD to request the additional $25 million in reserve and to distribute funds to states in a timely manner.

Attachment 1

Procedures for Wetland Determination in the Midwest Flood Damage Area

Policy: All flood damaged agricultural lands will be evaluated and mapped to compare previously mapped FSA wetlands with post-flood conditions prior to any on-farm (EWP/ECP) emergency work beginning:

1. Existing wetland inventory and/or wetland determination maps will be assembled for each area of flood damage.

   All existing inventories and/or determinations will be reviewed in consultation with the FWS, EPA, and COE and corrected, if needed, to be consistent with the provisions of the Third Edition of the Food Security Act Manual. For areas that are not covered by existing determinations or inventories, pre-flood conditions will be determined from existing data consistent with the Third Edition of the Food Security Act Manual, and in consultation with FWS, EPA, and COE.

2. These maps will be used as a base to map "Potential Wetlands" newly developed by the recent floods, or to remove wetland originally mapped that are completely filled and are no longer expected to meet wetland criteria.

3. Potential wetlands (PW) expected to meet wetland criteria will be delineated on the wetland maps and dated to reflect the date of development.

4. U.S. Fish and Wildlife Service, EPA, and COE will be consulted on making wetland determinations and encouraged to participate in the process.

5. Persons will be provided with wetland determinations prior to the commencement of any on-farm emergency work --ECP/EWP. Individuals not participating in emergency programs will be provided determinations during re-certification or as they are required.

6. Farmed wetlands (FW's) may be maintained to the original scope and effect of the previous modifications; however, additional filling or alterations by mechanical means will not be allowed.

7. A statement will be placed in the "remarks" section of the SCS-CPA-026 to the effect that "Potential Wetlands" (PW) areas will be re-evaluated in five years to determine if wetland criteria is present. If present, the area will be considered "abandoned" and will be determined wetland or farmed wetland. Persons

have five years to return these areas to pre-flood conditions without jeopardy to USDA program benefits, or persons may enter these areas into the Emergency Wetland Reserve Program.

8. Maintenance and clean out of all drainage ditches and other drainage facilities based upon original SCS scope and effect determinations will be allowed.

9. Major flood damage, i.e. new channels may be restored to pre-flood conditions and location which must include restoration of PC's, FW's, W's, etc., associated with the original location.

10. FSA/FACTA Swampbuster rules apply as shown in the following table:

Original FSA Deliniation:	New FSA Delineation and Uses	
	Flood Scour 1/	**Flood Deposition**
PC	PW - maintain, fill, farm or abandon	PC - maintain, remove, fill and farm
W	W	Partial filling <W>2/ - farm under natural conditions /Completely /Filled -
FW	FW - maintain, farm or abandon	Partial filling <FW>2/ Maintain, farm or abandon /Completely /Filled - PC
NW with hydric soils)	PW - maintain, fill, farm under natural conditions or abandon	NW - any activity permitted
CW CW + YR	Treat as prior to flood (delineate on new maps)3/	Treat as prior to flood (delineate on new maps)3/

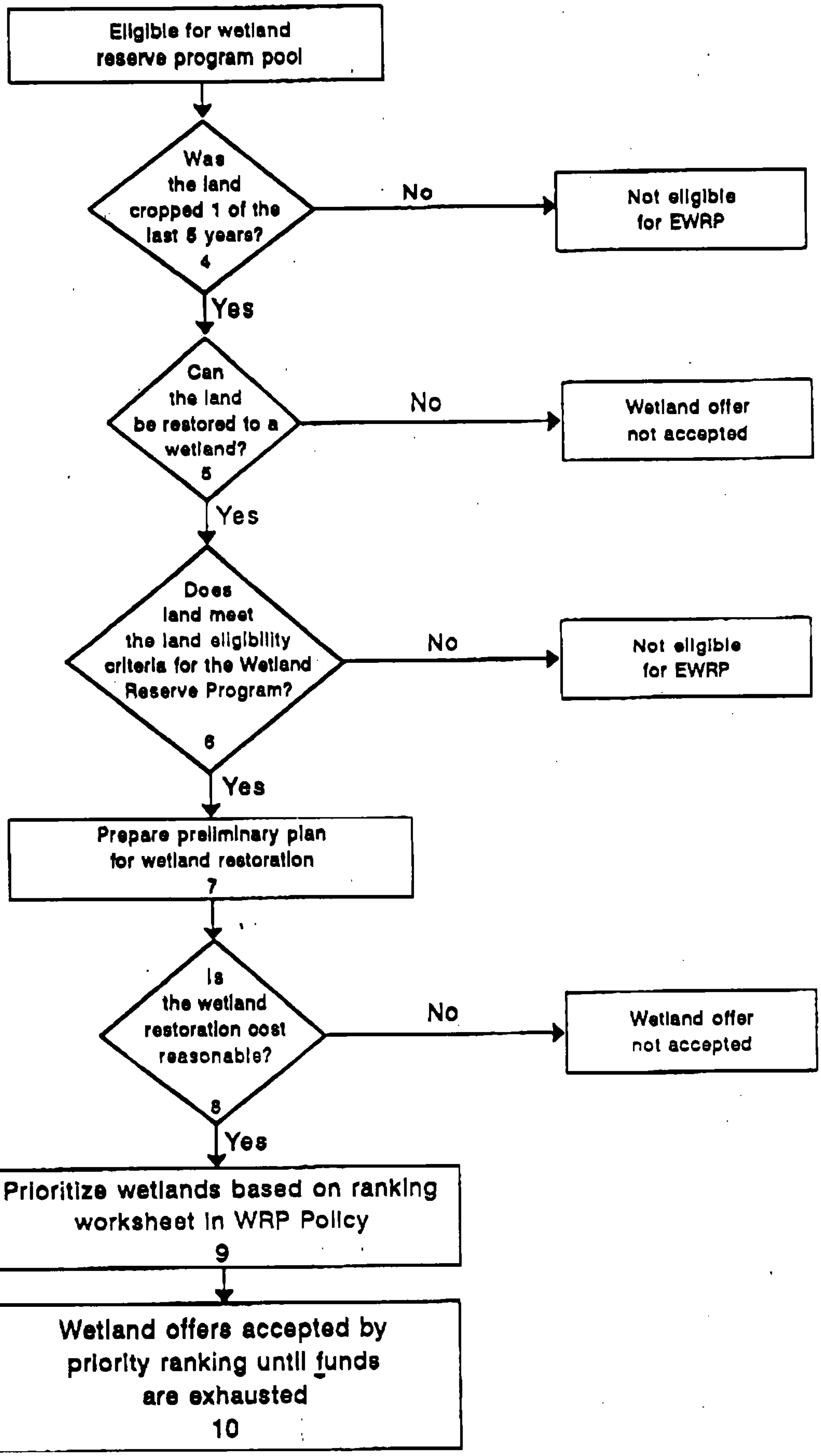
Note: FW and W areas removed from wetland maps will be "X'ed" out on the base map, dated, and an explanation included on the reverse stating: "Removed due to Flood of '93."

1/ Abandonment rules apply after 5 years; if wetland criteria returns. PW areas will be re-evaluat[illegible] i[illegible] 5 years.

2/ <> - A re-evaluation after 5 years may show that wetland criteria is lost. Remap as PC or NW.

3/ Flood does not relieve person from past decisions; however, the flood may have restored a converted wetland. Restoration agreement required.

Midwest Emergency Wetlands Reserve Program (continued)



MONDAY, SEPTEMBER 27, 1993

SCHEDULE FOR HAZEL R. O'LEARY

TRAVEL - Vienna, Austria
IAEA Conference

Printed: 22 Sep 1993 11:14:17

TUESDAY, SEPTEMBER 28, 1993

SCHEDULE FOR HAZEL R. O'LEARY

TRAVEL - Vienna, Austria
IAEA Conference

WEDNESDAY, SEPTEMBER 29, 1993

SCHEDULE FOR HAZEL R. O'LEARY

TRAVEL- Vienna, Austria
IAEA Conference

THURSDAY, SEPTEMBER 30, 1993

SCHEDULE FOR HAZEL R. O'LEARY

HOLD: TRAVEL - Moscow

FRIDAY, OCTOBER 01, 1993

SCHEDULE FOR HAZEL R. O'LEARY

HOLD: TRAVEL - Moscow

SEATTLE TIMES / SEATTLE POST INTELLINGENCER
Seattle, WA E2
SEP 19 1993

O'Leary plainspoken

PI EDITORIAL

U.S. Secretary of Energy Hazel O'Leary made some important and heartening promises to the residents of Washington state on her visit to Richland and Seattle last week.

But we've heard these promises before:

– More attention will be paid to safety at Hanford, taxpayers will get better value for the huge Hanford cleanup expenditures, medical researchers will get access to classified data on health effects of the government's past activities at Hanford, whistleblowers will be protected.

It remains to be seen if O'Leary, a refreshingly plainspoken former utility executive, can turn the hidebound Department of Energy into the professional, modern agency it must become if it is to succeed in its vital charge. We hope she makes good on these promises and wish her well in her difficult mission.

O'Leary, of course, has inherited a lethal mess left by an irresponsible generation that preceded her. But the nation's nuclear waste mess is now hers and President Bill Clinton's to clean up — or, as has been the custom, to babysit and pass on to the next generation's cleanup crew. History will judge their stewardship.

To her credit, O'Leary evidenced the right instincts about the changes that must be made in the agency on her visit. She told the Post-Intelligencer's Editorial Board that she wants DOE field managers and the Westinghouse Hanford contactor be freed of the crippling second, third and fourth-guessing imposed by DOE headquarters in Washington and instead be held to account and rewarded and punished as their performance warrants.

She has also shown the right instincts in making herself accessible to the citizens who are directly affected by whatever her agency undertakes at Hanford, where many hard public policy decisions lie ahead. It should go without saying that these decisions will come much easier if the department can demonstrate that it is in touch with public sentiment and worthy of public confidence.

TRI-CITY HERALD D2
Tri-Cities, WA
SEP 19 1993

Time to organize for Hanford changes

If all we and Hazel O'Leary have when she returns to the Tri-Cities in six months are warm memories of a successful Hanford Summit, we will have failed.

The summit wasn't an end in itself. It was merely a process—and the beginning of one, at that.

If we consider what occurred at the coliseum any more than that, we would be as wrong as if we thought the jockey weigh-in was a horse race.

The secretary of energy has promised to come back to the Tri-Cities and report on her progress in the areas of concern brought up at the three-day summit.

That alone is enough for us to congratulate ourselves on an excellent program where real differences were addressed.

We can all be gratified by her willingness to take on these burdens personally. This is a new secretary of energy with new ideas. Obviously, she and her chief cleanup expert, assistant secretary Tom Grumbly, are enthusiastic about changing the bureaucratic entrenchment throughout DOE.

But we have our responsibilities, too.

Our job is to seize the opportunity and give direction locally.

Obviously, some kind of organization is needed to bring that off. Whether under the sponsorship of the Tri-City Industrial Development Council or an entirely new creation, a coordinating effort is needed.

The four triumphs of the summit could slip away if we aren't careful.

Those four triumphs were:

- The public impression of a Department of Energy trying to remake itself. O'Leary and Grumbly listened to all suggestions respectfully. Neither seemed in a lecturing mood, although Grumbly's tinder was ignited by state environmental chief Mary Riveland a time or two. (We thought their debate was well-balanced and extraordinarily healthy.)
- A sense of willingness by those whose primary interest is development of the Tri-Cities to listen to those whose principal concern is return of the Hanford site to pristine environmental condition. Both sides have their arguments. Compromise is the only solution.
- Emergence of two related ideas for Hanford advancements. One is developing Hanford as a test bed for technological breakthroughs. When they occur, they can be passed on with the equivalent of a DOE "Good Housekeeping Seal of Approval" as both workable and practical. The other is development of a science and technology park at the site with federal participation. These are ideas worth pushing. We need to push hard locally to get them moving.
- An evolving mood of cooperation and civility by all parties toward working with each other toward a loosely defined common goal—site restoration.

There were disappointments. The lack of active involvement by organized labor at the table was a big one. The summit organizers did not do as good a job as they might in bringing competing labor factions together. Hanford's future is as dependent upon labor leaders as it is on business executives and environmental advocates.

There was another disappointment—a signal that no matter how much DOE may want to change, the federal bureaucracy remains a thing out of *Kafka*. That was the presence of the Environmental Protection Agency at the table as an observer, rather than a participant. Since it is the principal regulator of Hanford cleanup, its silence created a real gap. Maybe it is unfair to speculate, but the idea occurred to many that EPA wasn't going to sit down with another agency unless it had control.

Problems included, the summit was an excellent chance to set a Tri-City and regional agenda for Hanford.

The future of Hanford must be secured by a coordinated effort, with a mission statement broad enough to bring in as many different groups as possible.

O'Leary will be back in six months telling what she's accomplished.

We ought to be ready for her, with a list of our own.

TRI-CITY HERALD A3
Tri-Cities SEP 18 1993

Safety overhaul speeds studies on tank farm

By JOHN STANG
Herald staff writer

Some Hanford tank farm studies are being sped up under promises that Westinghouse Hanford Co. and Energy Secretary Hazel O'Leary made to each other.

The action is one of the latest developments in a tank farm overhaul prompted by a series of mishaps over the past few months.

Westinghouse officials discussed the developments Friday. They also:

- Speculated a work slowdown for the operations overhaul could last three to six more months. Additional improvements may take up to a year.
- Said an investigation into two recent safety incidents at the tank farm show evidence of procedural problems. The incidents were the accidental turn-on of Tank 101-SY's mixer pump and the rock-on-a-rope incident at Tank 106-C.

Westinghouse also plans to conduct an extra $35 million worth of tank farm work in 1993-94, with much of that money coming from more efficient operations.

The company plans to conclude studies in early 1994 on how to tackle problems involving ferrocyanide in 24 tanks, diluted plutonium in several tanks, and Tank 103-C's flammable vapors. These studies were originally due later in the decade.

While the tanks' ferrocyanide contents are wet, dry ferrocyanide is potentially explosive.

And while the tanks' plutonium contents are believed to be too diluted to be dangerous, the potential for an explosion exists, said Harry Harmon, Westinghouse vice president for tank farms.

The speed-up also would accelerate removal of wastes from single-shelled Tank 106-C—which spontaneously heats up—and putting them in a more secure double-shelled tank.

Westinghouse plans to raise up to $20 million of the $35 million to be used for the acceleration by improving the efficiency of its tank farm operations, said William Alumkal, Westinghouse executive vice president for the tank farms.

Alumkal said OT y said DOE will provide the remaining money in fiscal year 1994 from funds earmarked for these studies later in the decade.

The present 1993-94 tank farm budget is roughly $400 million.

Meanwhile, Alumkal said, "we are making good progress" on upgrading training and procedures at the tank farm.

The Tank 101-SY and Tank 106-C investigation noted examples of the procedural problems that have plagued Hanford.

Problems noted included operators who do not know procedures, communications problems, no evacuation of the immediate Tank 101-SY area after the accidental pump start-up created the potential for escaping gas, inadequate planning before the Tank 106-C incident, workers' doubts about management's commitment to safety, unclear work expectations and poor teamwork.

"It's a combination of management failures and operator failures," Alumkal said.

Alumkal said Westinghouse agreed with the conclusions and expects DOE to order changes soon. Westinghouse is already working on anticipated changes.

Dan Swaim, Westinghouse's acting director for waste tank operations, said, "Operators were succeeding in spite of the procedures instead of because of them. ... The procedures have been a roadblock to excellent performance in the past."

Swaim said the investigation did not find previously undiscovered incidents.

But "there was an undercurrent of incidents in the past" with no idea how long in the past," he said. "Stories like 'I heard from so-and-so this happened to someone.'"

Westinghouse officials said most tank farm workers are committed to a well-run operation and are working hard on improvements.

One of the top priorities is renewing full-fledged testing of the mixer pump, which is designed to cure the potentially flammable hydrogen "burps" at Tank 101-SY.

Swaim said the delayed tests will be renewed before the three-to six-month slowd is done.

THE OREGONIAN
Portland, OR
SEP 17 1993

O'Leary acts to stop safety lapses at Hanford

■ The U.S. Energy secretary also opens the way for more hiring to oversee contractors and speed the cleanup effort at the nuclear site

By JAMES LONG
of The Oregonian staff

RICHLAND, Wash. — U.S. Energy Secretary Hazel O'Leary shook up the Hanford nuclear site's management structure Wednesday in hopes of putting an end to snail-like cleanup progress and embarrassing safety blunders.

"It's been a hell of a year," O'Leary said grimly, "and I promised my mother that I wouldn't swear in the media."

In town for a "summit meeting" on Hanford's economic future, the secretary discovered that her Richland field office was trying to monitor $1.7 billion worth of contracts involving more than 17,000 contractor employees, with just 420 civil servants.

John Wagoner, Energy Department manager at Hanford, complained that he didn't even have enough specialists to monitor work on the tank farm, where one contractor crew was recently caught "testing" an access pipe by lowering a rock on a string.

O'Leary promised that Wagoner could hire at least 20 more badly needed engineers and other helpers without getting down on his knees to Washington, which had been the required procedure.

"I don't intend to manage Hanford back in Washington," she said as she toured the dusty 560-square-mile site. "John is going to manage it."

O'Leary was in Richland for an economic summit on the future of Hanford in which she committed to a 10-point program ranging from cutting secrecy to speed up private technological development to looking for a way to fund citizen participation in Hanford decisions.

She and Washington Gov. Mike Lowry, co-host of the summit, agreed to formation of a Hanford advisory committee within the next two months.

Meantime, O'Leary said Westinghouse Hanford Corp. the Energy Department's main contractor, would be held responsible, from now on, for the performance of dozens of minor contractors at Hanford, and not just its own performance.

"I'm making it clear that one contractor is in charge and not many (contractors) stumbling and bumbling over each other," O'Leary said.

Her announcement came as the Energy Department's Hanford field office, Westinghouse, and Kaiser Engineers continued to smart from a string of embarrassing safety lapses going back through the summer. One truck loaded with radiation monitoring gear backed over an access pipe on a buried waste tank, spilling a small amount of gasoline.

In a different incident, a steam line broke and killed a worker.

O'Leary said she thought Westinghouse was a good contractor and could do the job, "but if they don't, we'll find someone who can."

09/23/93 19:46 ☎202 586 7736 DOE EX SEC →→→ DOM. POL 015
09/17/93 07:46 ☎509 372 1762 HANFORD SCI CNTR 009

SEATTLE POST INTELLINGENCER
Seattle WA SEP 17 1993 A1

The future of Hanford

O'Leary envisions time when cleanup finished

By Joel Connelly
P-I National Correspondent

The Energy Department will probably quit the Hanford Nuclear Reservation when it completes the massive cleanup of radioactive wastes there, Energy Secretary Hazel O'Leary said yesterday.

"One can and should envision a time when the Department of Energy is finished at Hanford," one of America's vintage nuclear weapons plants, she said.

But the department won't be leaving any time soon. It is expected to spend more than $50 billion to contain and control the nation's largest concentration of high-level radioactive waste.

The project is expected to last up to 25 years. O'Leary declined to speculate on a completion date, saying: "I would be a liar and you would know I was a liar if I established a date certain."

AP

Hazel O'Leary, energy secretary, sees a time when cleanup is finished.

O'Leary hinted, however, that cleanup may be the final mission of the 560-square mile nuclear reservation.

The federal government virtually created the Tri-Cities economy from the time in 1943 when Hanford became a Manhattan Project site for production of plutonium for the nation's first atomic bombs.

"The presence as we've known it, and the boom times, one cannot envision that after the cleanup is complete," O'Leary said.

In a meeting with Post-Intelligencer editors, O'Leary was careful to put at arm's length the so-called Isaiah Project, a plan that would create a new mission for the Department of Energy at Hanford.

The proposal is a brainchild of former Washington Public Power Supply System managing director Bob Ferguson. He proposes to have the Energy Department buy two mothballed, partially built WPPSS nuclear plants.

The reactors would be completed and used to dispose of plutonium from dismantled nuclear weapons. A trio of private contractors would run the

O'Leary: Future of Hanford

operation for the federal department.

O'Leary said she is not familiar with the WPPSS plan. She was annoyed by a press report that she had been fully briefed by its sponsors. "Already I have a problem with trust," she said.

"I'm not going to get out front on this without thinking the technology is sound."

Unlike previous energy secretaries, O'Leary indicated her department won't try to complete any reactors or turn nuclear swords into plowshares without support and participation from the state.

"One major consideration stands in the way: Will the people of the state of Washington get behind this?" she asked.

O'Leary, who served with the Department of Energy during the Carter administration, has implemented a 180-degree reversal from the administrative policies of her predecessor, James Watkins.

Arguing that the agency had become a series of autonomous kingdoms — and citing the Hanford and Savannah River weapons complexes as prime example — Watkins imposed central direction on nuclear weapons production and waste management.

O'Leary has given far more flexibility to Department of Energy contractors under a policy she described yesterday as "authority and accountability."

Hanford will provide a major test of the approach. The nuclear reservation has recently experienced what the Department of Energy calls "seriously deficient" safety procedures.

"The history this year has been maudlin," O'Leary acknowl edged.

In the best-known incident, a Kaiser Engineers Hanford em ployee taped a rock to a pole and lowered it through a pipe into a nuclear waste storage tank to see if the pipe was clogged. When the rock was pulled up, the worker's hands and clothing became con taminated with radioactive and he needed medical treatment.

"What you had was a subcon tractor without training," O'Lear said.

She said she has read the rio act to Hanford managers and particularly to Westinghouse Han ford Co., the reservation's main operating contractor.

O'Leary indicated that Wes tinghouse may not continue as Hanford's chief contractor if safe ty violations persist at the reser vation's 177 radioactive waste tanks. "If Westinghouse does no measure up, they will not have an opportunity to compete," she said.

"They do well when they do not do the department's work," she added, referring to Westing house, the parent company of Westinghouse Hanford.

During meetings at Hanford this week, O'Leary got an earfu about Hanford's record of safet mishaps and coverups of its mis takes.

She heard from former Gov Booth Gardner about a 1985 in spection visit. Warning signs had been posted after a recent spill o radioactive waste. The signs were hastily taken down from the gov ernor's inspection route althoug decontamination work was nc complete. If anybody tries to con ceal bad news from her, O'Lear said, "I will fire the person involved. It cannot and will nc happen today."

(An abbreviated version of this also ran in the 9/17 Spokesman Review, p. B2)

Idaho State Journal
Pocatello, ID
Circulation 18,900

Section A Page 2
September 15, 1993

DOE cracks down on INEL contractors under reform

By Tim Jackson
Of The Journal

IDAHO FALLS — The Clinton administration wants more accountability of contractors at sites such as the Idaho Nationanl Engineering Laboratory.

So Deputy Energy Secretary Bill White, described admiringly by INEL manager Augie Pitrollo as a "zealot" on contractor reform, came to Idaho Falls this morning to gather comments on the issue.

"Today, we take another step forward in our effort to repair a broken process," White said before a meeting to gather comments. Most of those who attended work for the INEL's contractors.

Too much red tape and not enough results exist at Department of Energy sites around the nation today, White said a recent performance review of government contractors found.

In its transition from a former Cold War emphasis on producing weapons — to the DOE's new focus on research and development that can benefit the private sector — White said getting more results from the $15.8 billion taxpayers will shell out to contractors in fiscal 1994, is critical.

"The American public believes its government is not spending its money wisely ... We've got to do something about that."

Energy Secretary Hazel O'Leary, White said, is committed to broad reforms and has set some goals.

One is to ease transfer of government technology to the marketplace by cutting in half the amount of time it takes to draw up Cooperative Research and Development Agreements between DOE labs and private industry.

Another is to prove to Congress that DOE money is spent wisely, by establishing an "independent peer review process" of contractor efficiency "that is not controlled by the contractors."

Westinghouse Electric Corp. group president John Yasinsky recommended steps to reform contractors.

Right now, contractors often "do not understand what the DOE expects from them," Yasinsky said. "There is no specific agreement on how they must perform to earn a satisfactory rating or exceed that level.