PUBLIC ASSISTANCE PROGRAM & FINANCIAL MANAGEMENT ANNEX

I. Purpose

The Public Assistance (PA) Program and Financial Management Annex provides basic grant and financial management guidance to Larimer County Departments on FEMA's Public Assistance Program for major disaster declarations. The intent is to ensure procedures are followed and correct documentation is maintained so that reimbursable expenses can be recovered expeditiously and that operations are conducted in accordance with local, state and federal laws and policies.

This Annex is coordinated with, but does not duplicate activities that are defined and carried out under, the Disaster Declaration Annex as part of the Comprehensive Emergency Management Plan.

II. Scope

This annex is applicable to all Larimer County Departments and Elected Offices, as well as any political subdivisions that may participate in emergency and disaster response and recovery operations and/or apply for and/or receive federal or state disaster assistance or emergency/disaster relief funding through Larimer County.

This Annex applies to response and recovery operations for Stafford Act- and Non Stafford Act-eligible incidents. Disaster declarations may range from local to Presidential. If a local declaration is accepted by the State of Colorado, state-level assistance and limited funding may be made available through the State of Colorado's Emergency Operations Center (SEOC). If a Presidential Declaration is issued, federal funding sources, as described in the Disaster Declaration Annex and National Response Plan are available.

III. Authorities

- Larimer County Emergency Management Resolution establishing the Office of Emergency Management and its authorities, 2015
- Colorado Revised Statutes Title 24, Article 33.5 Section 7, Colorado Disaster Emergency Act
- Robert T. Stafford Disaster Relief and Emergency Assistance Act, P.L. 93-288, as Amended
- 44 CFR Part 206, Federal Disaster Assistance for Disasters Declared on or after November 23, 1988
- 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Grant Guidance")

IV. Definitions

Applicant – A State agency, local government, Indian Tribe, authorized tribal organization, Alaska Native village or organization and certain Private Nonprofit (PNP) organizations that submit a request for disaster assistance under the Presidentially declared major disaster or emergency. The terms "applicant" and subgrantee" are often used interchangeably.

Contractor – Any individual, partnership, corporation, agency, or other entity (other than an organization engaged in the business of insurance) performing work by contract for the Federal Government or a State or local agency, or Tribal government.

Exigency – Something that is necessary in a particular situation that requires or demands immediate aid or action.

Eligible Work – Eligible work for FEMA PA Program includes work that is 1) a direct result of the declared event, 2) within the designated disaster area, and 3) eligible applicant's legal responsibility

Emergency – An emergency can be defined in two ways: 1) An unexpected and usually dangerous situation that calls for immediate action. An emergency will typically involve a threat to the public or private property or some other form of dangerous situation, whereas an exigency is not necessarily limited, and 2) Any occasion or instance for which, in the determination of the President, federal assistance is needed to supplement state and local efforts and capabilities to save lives and to protect property and public health and safety, or to lessen or avert the threat of a catastrophe in any part of the United States.

Emergency Work - In the Public Assistance context means either Public Assistance Categories A (debris removal) or B (emergency protective measures) that is necessitated because of immediate threats to life, improved property, public health and safety.

Grantee – The State, in most cases, acts as the grantee for the Public Assistance Program. The grantee is accountable for the use of the funds provided. The terms "grantee" and "State" are often used interchangeably. The State of Colorado would be the "Grantee" under a presidentially declared FEMA public assistance grant.

Large Project – An eligible project, either emergency or permanent work, that has a damage dollar value at or above the FEMA determined fiscal year threshold. The threshold is adjusted by FEMA each fiscal year to account for inflation. Large project funding is based on documented actual costs.

Major Disaster – Any natural catastrophe that requires resources beyond the capability of a local government or community and requires a multiple agency response (including any tornado, storm, high water, earthquake, landslide, mudslide, snowstorm, drought, etc.) or, regardless of cause, any fire, flood, explosion, or act of terrorism in any part of the United States, which in the determination of the President causes significant damage of sufficient severity and magnitude to warrant major disaster assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, to supplement the efforts and available resources of states, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby.

Obligated Funds – The funds FEMA makes available to the grantee for approved Public Assistance projects. The grantee is then required to make payment of the Federal share to the applicant as soon as practicable.

Permanent Work – That work which is required to restore a facility, through repairs or replacement, to its pre-disaster design, function, and capacity in accordance with applicable codes and standards (Categories C through G).

Project Worksheet – Form used to document the location, damage description and dimensions, scope of work, and cost estimate for a project. It is the basis for the grant. The terms “Project Worksheet” and “Subgrantee Application” are often used interchangeably.

Public Assistance – Supplementary Federal assistance provided under the Stafford Act to State, local and Tribal governments or eligible private nonprofits to help them recover from Federally-declared major disasters and emergencies as quickly as possible.

Small Project – An eligible project, either emergency or permanent work, that has a damage dollar value below the FEMA determined fiscal year threshold. The threshold is adjusted each fiscal year to account for inflation. Small project funding is based on estimated costs if actual costs are not yet available.

Subgrantee – A State agency, local government, Indian Tribe, authorized tribal organization, Alaska Native village or organization, and certain Private Nonprofit organizations that submit a request for disaster assistance under a Presidentially declared major disaster or emergency. The terms “subgrantee” and “applicant” are often used interchangeably. Larimer County would be the “subgrantee” under presidentially declared FEMA public assistance grant.

V. Assumptions

- Local jurisdictions may seek emergency supplemental response and recovery funding when funding resources within their jurisdiction have been exhausted.
- Larimer County will follow state and federal laws, regulations, applicable policies and grant guidance when state and federal grants are made to the county.

- State-level grant and/or loan support is not guaranteed and will not always be available in response to incidents.
- The state will seek supplemental response and recovery funding from the federal government when event-related costs meet or exceed federal thresholds and declaration factors.

VI. Situation

Disasters have an immediate impact on local and state resources resulting in shortages that may require the unplanned expenditure of funds by state and local governments. In addition, coordination may be required between local, state and federal organizations to administer funding designed to assist in the response and recovery from disasters.

Local governments are responsible for first response to emergencies impacting their jurisdictions including the application of fiscal procedures and remedies designed to be used for various applications during local emergencies.

Supplemental federal assistance for eligible response and recovery expenses incurred by governmental entities and participating not-for-profit agencies may be available to Colorado from the Federal Emergency Management Agency (FEMA) after a Presidential Disaster Declaration has been issued and a FEMA/State Agreement has been signed.

VII. Roles and Responsibilities

a. Larimer County

i. Larimer County Board of Commissioners

- Ensure availability to make critical decisions following a large-scale emergency or disaster
- Provide policy guidance and financial support to ensure response and recovery efforts continue uninterrupted after a disaster
- In consultation with the County Manager, execute the major emergency or disaster declaration as appropriate

ii. Larimer County Manager

- In consultation with the Larimer Office of Emergency Management, determine the need to declare major emergency or disaster for Larimer County
- Work with state and federal partners to ensure the needs of Larimer County are met following a disaster
- Provide support to County Offices and Departments in the execution of the Public Assistance Program

iii. Larimer County Attorney's Office

- In consultation with the Larimer Office of Emergency Management, draft a local emergency or disaster declaration for consideration by the Board of Commissioners
- Provide legal assistance to Larimer County departments and Elected Offices in the execution of FEMA grant programs following a disaster

iv. Larimer County Finance Department

- Lead agency for financial management of disasters and emergencies in Larimer County
- Lead agency for the Finance Section of the Larimer County EOC
  - The Finance Section, through the Larimer EOC, will coordinate as needed with County Offices and Departments, and the CO Division of Homeland Security and Emergency Management, to determine relevant fiscal information, investment or budget impacts, procure needed goods or services, and maintain all necessary fiscal documentation required to process expenditures and request reimbursement.

v. Larimer County Office of Emergency Management

- Coordinate with Damage Assessment Teams and local municipal partners to determine extent of damages and need for local declaration.
- Provide the Board of Commissioners with relevant information regarding the need for a disaster declaration.
- Send the signed declaration to the State of Colorado, Division of Homeland Security and Emergency Management, for consideration
- Coordinate with state and federal agencies as appropriate for resource support and financial assistance.
- Coordinate the county's recovery process.

b. State of Colorado

i. Governor's Office

- Determine need for a State Declaration of Disaster and Sign an Executive Order declaring an emergency or disaster for the State of Colorado and send request to FEMA for federal declaration consideration
- Coordinate State resources and provide the strategic guidance needed to prevent, mitigate, prepare for, respond to, and recover from incidents of all types.
- In accordance with State law, may be able to make, amend, or suspend certain orders or regulations associated with response.

- Communicate to the public and help people, businesses, and organizations cope with the consequences of any type of incident.
- Command the State military forces (National Guard personnel not in Federal service and State militias).
- Coordinate assistance from other States through interstate mutual aid and assistance compacts, such as the Emergency Management Assistance Compact.
- Request Federal assistance including, if appropriate, a Stafford Act Presidential declaration of an emergency or major disaster, when it becomes clear that State capabilities will be insufficient or have been exceeded.
- Coordinate with impacted tribal governments within the State and initiate requests for a Stafford Act Presidential declaration of an emergency or major disaster on behalf of an impacted tribe when appropriate

ii. Department of Public Safety, Division of Homeland Security and Emergency Management

- Accept the local disaster declaration and provide assistance as available to local governments through resource support and financial assistance
- Maintain a working relationship throughout emergency response and recovery operations to ensure that policies and procedures are followed
- Coordinate with FEMA for the administration of the disaster assistance programs with support from other state agencies
- Assign staff to coordinate the delivery of disaster assistance programs
- Designated grantee for federal assistance programs through FEMA, passing through grant funding to local jurisdictions
- Provide technical support and assistance to applicants
- Ensure that potential applicants are educated about the eligible assistance programs and are aware that the assistance is available

c. Federal Government

i. Federal Emergency Management Agency

- Coordinate the disaster declaration process between the State of Colorado and the Federal Government to determine which federal programs, if any, are applicable
- Coordinate damage assessments to determine if thresholds are met for federal program assistance
- Coordinate federal resources with the State of Colorado to ensure resources are available to assist in response and recovery efforts

- Upon a declaration of a major disaster or emergency by the President, FEMA headquarters will appoint a Federal Coordinating Officer (FCO) to immediately take action to assure that federal assistance is provided in accordance with the declaration and applicable laws

d. Cooperating Agencies

Cooperating agencies are agencies within Larimer County that may ask for resources from the Larimer EOC or be in a cost share agreement with Larimer County, such as Fire Districts, School Districts, CSU, etc. They are responsible for maintaining documentation to support requests for reimbursement, submitting final reimbursement requests within the terms of the mission assignment or reimbursable agreement, and notifying requesting agencies when a task is completed and/or when additional time is required to complete work in advance of the projected completion date.

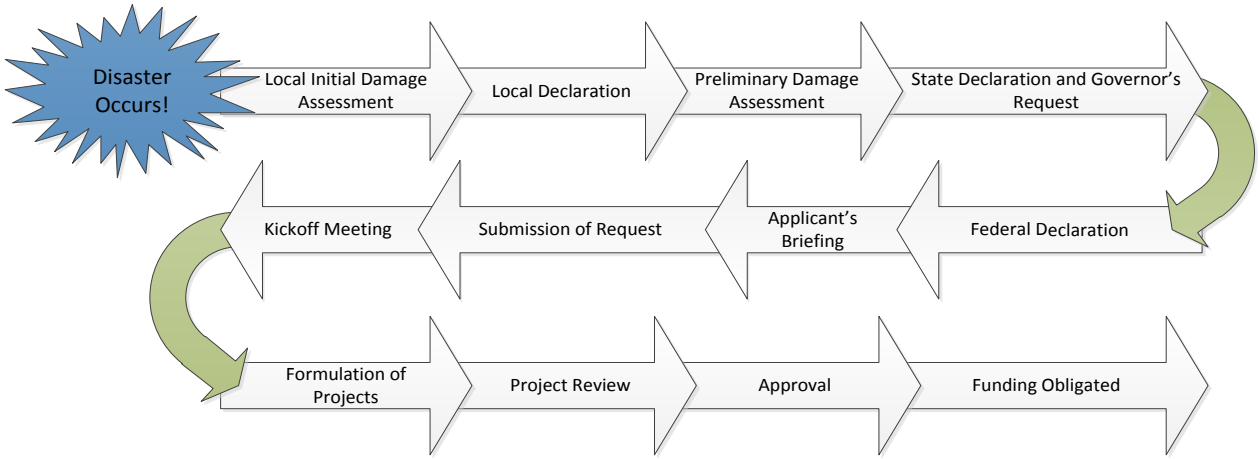
Cooperating agencies are expected to apply proper financial principles, policies, regulations, and management controls to ensure full accountability for the expenditure of funds.

VIII. Concept of Operations

Overview

The primary and support agencies to this Annex will act as a team to address emergency finance issues to ensure the flow of funds during and after disasters. Larimer County Finance Department, in coordination with the Office of Emergency Management (OEM), Treasurer's Office and the Budget Office, will serve as the lead for emergency finance information and in facilitation with other agencies on the local share of any state or federal grants and related budgetary concerns.

The Finance Section Chief of the Larimer EOC will work with representatives of the Larimer Office of Emergency Management, State of Colorado Division of Homeland Security and Emergency Management (DHSEM), the Governor's Office, and other agencies as needed to coordinate fiscal activities related to the emergency. OEM will coordinate with Finance to determine the need/availability for and identify the source of the local, state and federal funds in response to an incident and to determine the percent of non-federal match for the Public Assistance and the Hazard Mitigation Grant Program.



Steps in the Public Assistance Process

The PA Program is based on a partnership between FEMA, State, and local officials. FEMA is responsible for managing the program, approving grants, and providing technical assistance to the state and applicants. The state educates potential applicants, works with FEMA to manage the program, and is responsible for implementing, monitoring and distributing the grants awarded under the program. Larimer County is responsible for identifying damage, providing information necessary for FEMA to approve grants, tracking/documenting expenditures and managing the projects funded under the PA Program.

a. Local Initial Damage Assessment

Following a disaster, Larimer County will conduct an Initial Damage Assessment to assess the impact of the disaster. This assessment should provide a rough estimate of the extent and location of damages. Often this will require the coordination of the various municipal governments who will also perform their own damage assessments. When the information has been collected, it is provided to DHSEM.

The Larimer EOC will coordinate and exchange information with applicable, engaged agencies and organizations to develop a comprehensive assessment of disaster-related damages and available local, state and federal funds and resources. The EOC will also be working with various agencies to document the disaster damages and estimated recovery costs; the EOC will paint as detailed a picture as possible to explain the full extent of the damages. This does not mean Larimer County is responsible for these costs, just that we will coordinate with others.

b. Local Declaration

Once it is determined that the incident exceeds local capabilities, and/or the damages meet state and federal thresholds, the Board of Commissioners will

sign a resolution declaring a major emergency or disaster, which will be sent directly to DHSEM.

c. Preliminary Damage Assessment

State and federal officials conduct a joint preliminary damage assessment (PDA) with local officials to estimate the extent of the disaster and its impact on individuals and public facilities.

The PDA is a survey performed to document the impact and magnitude of the disaster on individuals, families, businesses, and public property and to gather information for disaster management purposes. The information gathered is used to determine whether Federal assistance should be requested by the Governor and forms the basis for the disaster declaration request.

d. State Declaration and Governor's Request

A state of emergency can be declared by the governor through an executive order or proclamation (C.R.S. 24-33.5-700), which is submitted to the President through the Federal Emergency Management Agency (FEMA), Region VIII, in Denver, Colorado. Only the Governor of the state can declare a state of emergency.

The declaration of a state of disaster emergency by the governor serves to activate the emergency response, recovery and mitigation phases of the state and local emergency management plans; and provide authority for the mobilization and deployment of all resources to which the plans refer.

e. Federal Declaration

FEMA gathers information to supplement the governor's request and this is sent to the president who determines the final disposition. The disposition of the request is transmitted through FEMA Region VIII back to the governor.

Based on the Governor's request, the President may declare that a major disaster or emergency exists, thus activating an array of Federal programs to assist in the response and recovery effort. Not all programs, however, are activated for every disaster. The determination of which programs are activated is based on the needs found during the damage assessment and any subsequent information that may be discovered. For example the president's declaration may make public assistance funds available but not individual assistance funds. The funds available in a disaster may vary county by county depending on the disasters most impacted areas.

f. Applicant's Briefing

The applicant's briefing is a meeting conducted by DHSEM for potential Public Assistance applicants. The briefing occurs after an emergency or major disaster has been declared and addresses Public Assistance application procedures, administrative requirements, funding, and program eligibility criteria.

g. Submission of Request

All applicants (private nonprofit and governmental) must file a Request for Public Assistance (RPA), form 90-49. This form does not require Larimer County to describe specific damages – the county may file even if the damage assessment is ongoing.

FEMA-State Agreement

As the designated grantee for federal disaster funds, the State of Colorado DHSEM will execute the FEMA/State Agreement with FEMA following a Presidential declaration. The FEMA-State Agreement is a document signed by the Governor and the FEMA Regional Director that states the understandings, commitments, Federal Cost Share, and conditions under which federal assistance will be provided. The agreement identifies the incident and the incident period, specifies the types of assistance that will be provided, lists the areas eligible to receive assistance, outlines the cost sharing provisions, determines large and small project thresholds and includes other special terms and conditions that may apply. It also establishes the timeline for the Emergency Work Period.

Other federal grants may be awarded during emergencies that are coordinated by other state agencies with their federal counterparts under separate laws and regulations. State agencies will pre-identify funds and programs available from federal peers that may be applied during disasters.

h. Kickoff Meeting

The kickoff meeting is the initial meeting between Larimer County, the State PA Representative (Applicant Liaison), and the FEMA Public Assistance Coordination (PAC) Crew Leader. At this working session, Larimer County provides a list of damages and receives comprehensive information about the Public Assistance Program.

It differs from the Applicants' Briefing conducted by the State at the onset of disaster operations. While the Applicants' Briefing describes the application process and gives a general overview of the PA Program, the Kickoff Meeting is conducted by FEMA specifically for Larimer County in order to provide a much more detailed review of the PA Program and addresses needs specific to Larimer County. The meeting focuses on the eligibility and documentation requirements that are most pertinent to the county.

The Kickoff Meeting is also a milestone in the PA Program as it is the marker for some key deadlines:

- Damaged facilities and emergency work must be identified and reported to FEMA within 60 days of the Kickoff Meeting
- Emergency Work Project Worksheets should be completed by this meeting.
- All Project Worksheets for small projects are due within 60 days of the Kickoff Meeting, unless an earlier deadline is set by FEMA or the State
- All requests for alternate projects must be made within 12 months of the Kickoff Meeting

* It is recommended that Larimer County wait as long as possible for the kick-off meeting as it begins the clock on several key deadlines within the PA program
* Larimer County should work with the PAC Crew Leader to prepare Project Worksheets. These worksheets need to be as accurate, detailed and well-written as possible.

i. Formulation of Projects

FEMA bases PA program grants on estimates or actual cost information for individual projects. A project is a logical grouping of related work required as the result of the declared event. Larimer County (subgrantee), working with FEMA and the State of Colorado (grantee), is responsible for assessing disaster-related needs and developing projects to address those needs. All projects are documented on Project Worksheets (PWs).

A Project Worksheet is a tool used to document the location, damage description and dimensions, scope of work, and cost estimate for a project. It is the basis for Public Assistance Program funding. The Project Worksheet is used to record the following information:

- Applicant identification information
- Facility location
- Pre-disaster description of the facility and damage description, including the cause of damage and dimensions of damage
- The scope of eligible work necessary to repair the damage or perform emergency work
- Estimated or actual costs necessary to complete the work
- Address applicable special considerations (floodplain management, insurance, hazard mitigation and compliance with environmental and historic preservation laws)
- Other information gleaned from site visits and existing documents
- Work with FEMA to ensure that PW line items are written in a consistent manner across all worksheets and in a way that matches how expenditures are billed

To facilitate project review, approval, and funding, projects are divided into small and large projects based on the monetary threshold established in Section 422 of the Stafford Act and elaborated on in Title 44 of the Code of Federal Regulations § 206.203(c), Federal Grant Assistance. The maximum threshold to be considered for a small project is adjusted each fiscal year, as published by the U.S. Department of Labor and published in the Federal Register.

Small Projects

Small projects provide advantages to Larimer County, the State, and FEMA because the projects may be obligated based on estimated costs, which expedites processing of grant funding. The funding level for small projects is fixed, regardless of the final cost incurred by the county, unless an appeal is filed for additional funds and the appeal is approved. FEMA does not perform a final inspection of completed small projects, however, the State of Colorado must certify that Larimer County completed the work in compliance with all applicable laws, regulations, and policies. A percentage of small projects are subject to audit by the Office of Auditor General and will be "closed out" by the State of Colorado. All small project support documentation will need to be retained for 5 years after the entire disaster is closed out.

Large Projects

If the total project cost is equal to or above the threshold, then it is classified as a large project. Large project funding is based on actual documented costs. Because of the complexity and nature of the majority of large projects, work typically is not complete at the time of FEMA approval. Therefore, most large projects initially are approved based on estimated costs. Funds are generally made available to Larimer County on a progress payment basis as work is completed and actual costs are documented. These payments are processed by submitting requests for reimbursement throughout the life cycle of the project. When all work associated with the project is complete, the county performs a reconciliation of actual costs and transmits the information to FEMA, through the State, for consideration for final funding adjustments. All large projects are subject to audit by the Office of Auditor General and will be "closed out" by the State of Colorado. All large project documentation will need to be retained for five years after the entire disaster is closed out.

j. Project Review

The State of Colorado is responsible for ensuring that all incurred costs are associated with the approved scope of work, including the period of performance, and for certifying that work has been completed in accordance with FEMA standards and policies. The state then submits documentation of

project costs to FEMA for review. At that time, FEMA may conduct a final inspection.

k. Approval

FEMA is responsible for determining eligibility, conducting environmental/ historic preservation reviews, approving projects, and making the federal share of the approved amount (i.e., the grant) available to the state through a process known as obligation.

l. Funding Obligated

FEMA and the State of Colorado share responsibility for making Public Assistance Program funds available to Larimer County. This is accomplished through the process known as Payment of Claims. Funds that FEMA has obligated remain part of the Federal Treasury but are available to the state for drawdown through the Federal Payment Management System (PMS) portal. Funds are drawn and deposited in a state account only in preparation of disbursement to applicants once the State receives a request for reimbursement from the county. The state then validates the documentation and approves the release of grant funds.

IX. Project Worksheet Information

a. Basic Project Information

Must include all appropriate information to identify the project: declaration number, Project Worksheet reference number, date, FIPS Number (5-digit federal number which identifies the county), work category, EMMIE number (EMMIE is the FEMA disaster tracking system), applicant, work completed, damaged facility (facility in this context is any infrastructure damaged), county, location, latitude, longitude, and who prepared the form.

b. Damage Description and Dimensions

Must describe eligible damage, including: cause of damage, applicant responsibility, pre-disaster condition (i.e. design, function, capacity, and active use), quantifying damages or emergency services, location, and reference to attachments (i.e. continuation sheets, photos, maps, plans, bids/quotations, etc.)

c. Scope of Work

Must demonstrate eligible work, ensuring: consistency with damage description and project costs, description of necessary work using quantifiable and descriptive terms, the inclusion of cost methods and calculations, description of work completed and work to be completed, a description of any work to restore a facility beyond its pre-disaster condition, description of any special considerations that will affect the scope of the work or project cost, description of the cost estimate basis, and reference to attachments (i.e. plans, photos, other supporting documentation).

d. Project Cost

Must demonstrate eligible costs, ensuring: separation of work completed and work to be completed, consistency with the scope of work, use of appropriate cost codes, display of cost estimate methodology and force account costs (i.e. labor, equipment, overtime, and regular time, including organizational pay policy), display of contracted costs (i.e. contract type, procurement policies, rental agreements), and reference to attachments (payroll records, contracts, other supporting documentation).

e. Special Considerations

Attach the special considerations worksheet with any and all special considerations identified. FEMA uses the term "Special Considerations" to describe issues other than program eligibility that could affect the scope of work and funding for a project. These issues include insurance, hazard mitigation measures, and environmental and historic preservation compliance with Federal laws, regulations, and Executive Orders.

f. Documentation

Must support project eligibility, including: maps, photos (pre/post-disaster), plans, technical reports, maintenance records, insurance policies, applicable building/fire codes, calculation sheets, lease agreements, inspection reports, contracts, rental agreements, vendor invoices, employee/contractor time records, and any other supporting documentation.

g. Overall Project Worksheet

Costs in the cost estimate are addressed in the damage description/dimensions and scope of work Project Worksheet areas, Project Worksheet formulated correctly based on appropriate public assistance category of work (A-G), and the Project Worksheet successfully demonstrated applicant/work/cost eligibility.

X. Project Worksheet Cost Line Items

Project Worksheets typically have seven key line items:

- Force Account Labor – Regular Time
- Force Account Labor – Overtime
- Force Account Equipment
- Materials
- Rental Equipment
- Contracts
- Direct Administrative Costs (DAC)
- Indirect Administrative Costs - this cost might be on a separate worksheet, depending on the State's process.

Force Account Labor

Force account involves the professional services, construction, rehabilitation, repair or demolition that is performed by Larimer County employees. Force Account Labor involves the use of Larimer County Employees for emergency work. Required documentation includes the overtime of regular employees, although the regular hours worked on the disaster must be shown in order for force account equipment time to be reimbursed Overtime pay must be in accordance with policies in use before the disaster. If temporary staff was hired for the event both regular time and overtime may be claimed.

Labor documentation will include:

- Employee name and title
- Status – full time or part time
- Regular hourly rate and overtime rate
- Regular and overtime hours for employees
- Timesheets
- Payroll register
- Pay/Personnel policy including exempt personnel, overtime and emergency pay policies
- Contract, timesheets, invoices and proof of payment for contracted temporary employees
- Benefits calculation percentage based on benefit rate per hour
- Description of work performed per project
- Document any and all travel expenses required by employees in response to the disaster event.
    - Log of travel expenses
    - Employee travel vouchers/requests
    - Invoices and proof of payment for employer direct paid expenses
    - Vehicle rental information

The documentation of emergency work performed by employees should stress that the work performed eliminated or reduced an immediate threat to life, public health, safety, or significant damage to improved public and private property.

Emergency Work Labor Eligibility		
Budgeted Employees	**Overtime**	**Straight-Time**
Permanent employee	☑	★
Seasonal employee working during normal season of employment	☑	
Unbudgeted Employees	**Overtime**	**Straight-Time**
Essential employee called back from administrative leave	☑	☑
Permanent employee funded from external source	☑	☑
Temporary employee hired to perform eligible work	☑	☑
Seasonal employee working outside normal season of employment	☑	☑

* Note that Regular hours worked by County employees are eligible for Permanent work (Cat C-G) .Source: Public Assistance Program and Policy Guide FP 104-009-2

Force Account Equipment (aka "County Owned Equipment")

Larimer County equipment is allowed operating time only (actual driving time) and down time cannot be included. Equipment not in actual use is considered standby and is not eligible for reimbursement. Vehicles used to maintain road blocks are not considered idle and are reimbursable if documented.

(Per FEMA Public Assistance Program and Policy Guide, FP 104-009-2, January 2016, costs for standby time [time spent on hold or in reserve] are not eligible unless the equipment operator uses the equipment intermittently for more than half the working hours in a given day. In this case, the intermittent standby time is eligible. This will need to be documented thoroughly to avoid confusion.)

It is important to note that in some cases one piece of equipment may be eligible for reimbursement as two separate pieces. For example, a county truck with a plow attached for the purpose of clearing roads is eligible for the time the truck was used as well as the plow.

Required documentation includes equipment logs containing:

- Operator's name with each piece of equipment - The operator's name will be cross referenced with the equipment claimed to ensure equipment time did not exceed labor time
- Dates and hours of usage
- Unit of rate: hourly or mileage (hours preferred)
- Type of equipment/description: horsepower, size, year, make, model and capacity
- Master equipment list with rates if not using FEMA cost codes
- Description of work performed per project

Materials

Eligible materials include the actual quantity of materials used per project during the event time period. The prices must reflect the cost for the purchase of materials prior to or during the disaster. If the purchase order exceeds what was required for the disaster repairs, state the exact amount used for the disaster repair. Materials records include:

- Vendor name
- Procurement Policy
- Date materials were used (invoice or from stock)
- Receipts and proof of payment
- Materials/supply inventory list
- Description of product
- Quantity used and unit price
- Materials used from inventory stock: inventory stock usage reports, date materials were purchased with invoices and/or purchase orders with purchase date and unit price

Rental Equipment

Documentation is required for equipment that was rented for the disaster and the rental agreement must specify who is responsible for all repairs to the equipment. Documentation must include:

- Rental contract
- Description of rented equipment
- Time period and hours used
- Rate per hour
- Vendor name
- Invoices and proof of payment

Contract Work

A large percentage of projects will be completed by selecting vendors through contracts. Required documentation for any and all contracted work for the event includes:

- Type of contract
- Copy of contract with duration and charges
- Procurement records
- Contractor name
- Dates and hours of contracted work
- Invoice number and amount
- Proof of payment
- Description of work performed

* Only certain types of contracts are eligible for FEMA reimbursement. See Section XVI for Procurement Procedures and Allowable Contracts

Direct Administrative Cost (DAC)

Direct Administrative Costs are costs incurred by Larimer County staff or procured contractors that can be identified separately and assigned to a specific project. These anticipated costs need to be listed on each project worksheet. Typically DAC is time related to the development of a project worksheet. The reasonableness and documentation of DAC is an area of concern for FEMA and care must be taken in following FEMA interpretations and rulings. Eligible DAC activities can be found as an attachment in the Zimmerman Memo dated September 8. Required documentation varies for the source of DAC but may include:

- Name and title of employee
- Type and description of activity
- Date and hours of activity
- Timesheet (force account)
- Payroll register (force account)
- Pay/Personnel policy including exempt personnel, overtime and emergency pay policies (force account)
- Benefits calculation percentage based on benefit rate per hour
- Invoice and proof of payment (contract)
- Copy of contract with duration and charges
- Procurement records
- Contractor name

Indirect Administrative Costs

FEMA provides the State with an indirect cost allocation, which is also known as "Management Costs" or "State Management and Administrative Costs" (SMAC). The State may elect to share all or a percentage of this with the County. Indirect cost is typically used for administrative time or other indirect costs which cannot be tracked to a particular project. This cost must be documented.

XI. Public Assistance Categories

a. Emergency Work

i. Category A – Debris Removal

- Eliminates immediate threat to life, health and safety
- Eliminates immediate threat of significant damage to improved property
- Ensures economic recovery and benefits the community-at-large

ii. Category B – Emergency Protective Measures

- Actions taken before, during, and after a disaster to save lives, protect public health and safety, or eliminate immediate threat of significant damage
- Eligible activities include:
  - Warning devices

- Traffic Control
- Emergency Communications
- Search and Rescue Activities
- Construction of temporary levees
- Provision for shelter or emergency care for people, household pets, and service animals only (excludes large animal sheltering)
- Sandbagging
- Removal of health and safety hazards
- Emergency demolition / repairs
- Firefighting
- Provisions for water, ice, food, and other essential items for responding agency personnel

b. Permanent Work

i. Required as a result of the disaster
ii. Repairs, restores or replaces facilities
iii. Restores to pre-disaster design, capacity and function
iv. Cost-effective hazard mitigation
v. Activities to restore damaged facility (minor repairs to complete replacement)
vi. Three Basic Criteria: Design, Function and Pre-disaster capacity
vii. Work is grouped into five eligible categories:
  - Category C – Roads and Bridges
  - Category D – Water Control Facilities
  - Category E – Buildings and Equipment
  - Category F – Public Utilities
  - Category G – Parks, Recreational Areas and other Facilities

c. Donated Resources

Donated resources used on eligible work that is essential to meeting immediate threats to life and property resulting from a major disaster may be credited toward the non-federal share of grant costs under the PA Program. Donated resources may include volunteer labor, donated equipment and donated materials.

Donated resources can be used for Category A and B work only and it must be documented, including: record of hours worked, the work site, and description of work for each volunteer, and equivalent info for equipment and materials.

- Must apply to actual eligible work, such as debris removal or sandbagging
- Must be thoroughly documented
- Volunteer labor is valued at the hourly labor rate used in the applicant's organization for similar work

- FEMA Equipment Rates are used to determine the value of donated resources used to perform eligible emergency work
- Donated materials are valued at the current commercial value
- If materials were supplied by a federal agency, they cannot be applied as volunteer credit
- Resources donated for the care of large animals are not eligible (household pets are allowed).

XII. Simplified Thresholds

The PA Program has two eligibility thresholds: (1) a minimum threshold to qualify for a PA project (and thus Simplified Procedures); and (2) a maximum threshold for Simplified Procedures. After the Sandy Recovery Improvement Act of 2013, the Simplified Procedures maximum threshold was raised to $120,000, and the minimum threshold for project eligibility was raised to $3,000. Both are adjusted annually to account for changes in the Consumer Price Index for All Urban Consumers (CPI) published by the U.S. Department of Labor. Larimer County should conduct an annual review of these changes to ensure the appropriate thresholds are used for the program.

XIII. Cost Estimates

FEMA may grant funds on the basis of actual costs or on estimates of work to be completed. The method used to determine costs for a particular project depends on whether the work is complete or to be completed. The three primary methods for determining costs are time and materials, unit cost and contracts.

Time and Materials – The time and materials method is used to summarize actual costs of force account labor, equipment, and materials. Costs must be documented by payroll information, equipment logs or usage records, and other records, such as invoices, receipts, or work orders prepared by the applicant.

Unit Cost – The unit cost method is used to develop PWs for work to be completed. Under this method, unit costs are applied to specific elements of the scope of work. Typically, unit prices are based upon in place costs, incorporated materials, labor, equipment, insurance, overhead, and profit for all activities needed to complete that item of work. There are numerous sources that may be used in the preparation of estimates based on unit costs. These sources include:

- Commercial estimating sources
- State or local data from previously completed projects; and
- FEMA cost codes

Contracts – Contract pricing is used to determine the cost of work for which the applicant has used labor, equipment, and material from an outside source. In general, contract costs are used for work already complete, but in some cases contract information may be

used to estimate costs for work that is just beginning or still underway. If work has not yet begun on a project, but a contract has been bid or let, the contract price can be used.

XIV. Cost Reasonableness

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In other words, a reasonable cost is a cost that is both fair and equitable for the type of work being performed. Reasonable costs can be established through:

- The use of historical documentation for similar work
- Average costs for similar work in the area
- Published unit costs from national cost estimating databases
- FEMA cost codes

XV. Codes and Standards

Larimer County has several codes and standards established for facilities that may be impacted by disaster, such as roads, bridges, culverts, buildings, etc. For the cost of an upgrade to be eligible, the code or standard requiring the upgrade must:

- Be appropriate to the pre-disaster use of the facility
- Be reasonable, formerly adopted, in writing, and implemented prior to the disaster
- Apply uniformly to all facilities of the type being repaired within the applicant's jurisdiction
- Be enforced during the time that it was in effect (FEMA may require documentation showing application of the standard if there was opportunity to apply the code)

XVI. Procurement Procedures

Larimer County must follow its own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform to applicable federal law and the standards identified in 2 C.F.R. §200.318 through 326.

In addition, Larimer County must follow the most restrictive of county, state and federal purchasing thresholds. Therefore, the county should obtain the purchasing thresholds for the disaster from the State of Colorado as soon as possible following a declaration. The request and response should be documented appropriately for future use.

a. Procurement Standards

The procurement standards can be broken down into the following categories:

- General Procurement Standards (2 C.F.R. §200.318)(§13.36(b))
- Competition (2 C.F.R. §200.319)(§13.36(c))
- Methods of Procurement (2 C.F.R. §200.320)(§13.36(d))
- Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms (2 C.F.R. §200.321)(§13.36(e)

- Procurement of recovered materials (2 C.F.R. §200.322)
- Contract Cost and Price (2 C.F.R. §200.323)(§13.36(f))
- Awarding agency and pass through entity review (2 C.F.R. §200.324)(§13.36(g))
- Bonding requirements (2 C.F.R. §200.325)(§13.36(h))
- Contract Provisions (2 C.F.R. §200.326 and Appendix II)(§13.36(i))

b. Types of Contracts

There are basically three types of contract payment obligations: fixed-price, cost-reimbursement, and time and materials ("T&M"). All three types of contracts are referenced in 44 C.F.R. pt. 13, and fixed price and cost-reimbursement contracts are referenced in 2 C.F.R. §200.318 through 326.

Fixed Price Contracts

Fixed price contracts provide for a firm price or, in appropriate cases, an adjustable price. The risk of performing the required work, at the fixed price, is borne by the contractor. Firm-fixed price contracts are generally appropriate where the requirement (such as scope of work) is well defined and of a commercial nature. Construction contracts, for example, are often firm-fixed price contracts. Time and Materials contracts and labor-hour contracts are not firm-fixed-price contracts. **Fixed Price Contracts are the preferred method of contracting for FEMA reimbursable work.**

Cost-Reimbursement Contracts

Cost-reimbursement types of contracts provide for payment of certain incurred costs to the extent provided in the contract. They normally provide for the reimbursement of the contractor for its reasonable, allocable, actual, and allowable costs, with an agreed-upon fee. There is a limit to the costs that a contractor may incur at the time of contract award, and the contractor may not exceed those costs without the county's approval or at the contractor's own risk. In a cost-reimbursement contract, the county bears more risk than in a firm-fixed price contract. A cost-reimbursement contract is appropriate when the details of the required scope of work are not well-defined. There are many varieties of cost-reimbursement contracts, such as cost-plus-fixed-fee, cost-plus-incentive-fee, and cost-plus-award-fee contracts. **However, FEMA does not reimburse costs incurred under a cost plus a percentage of cost contract or a contract with a percentage of construction cost method. Additionally, FEMA may decide to reimburse the cost minus the markup.**

Time and Materials (T&M) Contracts

This type of contract is one that typically provides for the acquisition of supplies or services on the basis of (1) direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit;

and (2) actual costs for materials. A T&M contract is generally used when it is not possible at the time of awarding the contract to estimate accurately the extent or duration of the work or to anticipate costs with any reasonable degree of confidence. T&M contracts are neither fixed-price nor cost-reimbursement contracts, but constitute their own unique contract type. A labor-rate contract is a type of T&M contract. The regulation provides that a subgrantee may use a T&M contract only after a determination that no other contract is suitable, and if the contract includes a ceiling price that the contractor exceeds at its own risk. **While FEMA allows these types of contracts in certain circumstances, it is difficult to get approval for their use and therefore it is recommended that Time and Material Contracts are used as little as possible.**

FEMA, as a matter of policy, has advised the following with respect to the use of T&M contracts under Public Assistance projects:

- Since this type of contract creates the risk that costs could be beyond what the parties anticipated, FEMA generally discourages the use of T&M contracts except when circumstances warrant such use and when no other contract type is suitable.
- T&M contracts may, on occasion, be extended for a short period when absolutely necessary, for example, until appropriate unit price contracts have been prepared and executed.
- Applicants must carefully monitor and document contractor expenses.
- When T&M contracting is employed, the applicant should notify the State to ensure proper guidelines are followed.
- FEMA has advised that these contracts should be limited to work that is necessary immediately after an incident only.

The inappropriate use of T&M contracts is a relatively frequent finding of the OIG during audits of Public Assistance projects.

Pre-Existing Contracts may be used, as long as they were properly procured following federal rules and contain all of the federally-required contract provisions.

c. Method of Procurement

Larimer County is required to conduct all procurement transactions in a manner providing “full and open competition” consistent with the standards of the Code of Federal Regulations. Although not defined in the regulation, “full and open competition” generally means that a complete requirement is publicly solicited and all responsible sources are permitted to compete. The full and open competition requirement has proven to be one of the most common problems with subgrantee procurements in recent years and comprises a majority of audit findings by the OIG. Noncompetitive procurements not providing for full and open competition will be scrutinized by FEMA and may be scrutinized by the OIG

during an audit, even if they result in the same or lower price than if the procurement was conducted through full and open competition.

The Federal procurement standards for local governments recognize four methods of procurement: small purchase procedures, sealed bidding, procurement through competitive proposals, and procurement through noncompetitive proposals.

Small Purchase Procedures

This method comprises those relatively simple and informal procurement methods for securing services, supplies, or other property for awards below the simplified acquisition threshold. Larimer County may set different thresholds for small purchase procedures in compliance with state or local law, but FEMA requires the county to follow the most restrictive of county, state and federal purchasing thresholds. These thresholds should be verified prior to soliciting goods or services. Contract awards can be based on either lowest price submitted (such as in sealed bidding) or on technical qualifications and price (such as in procurement through competitive proposals).

This type of procurement is often accomplished by inviting vendors to submit quotes, which the county then evaluates and makes an offer. When using these procedures, Larimer County must ensure the following:

- Competition – Larimer County must obtain price or rate quotations from an "adequate number of sources," which FEMA has interpreted as at least three sources.
- Prohibited Divisions – Larimer County may not divide or reduce the size of its procurement so as to avoid the additional procurement requirements applicable to larger acquisitions.

Sealed (Formal) Bidding

Sealed bidding is a method of contracting that employs competitive bids, public opening of bids, and awards. In this method, Larimer County prepares an invitation for bid that describes county requirements clearly, accurately, and completely and publicizes the invitation. Bidders submit sealed bids in response to the invitation to be opened publicly, and Larimer County evaluates those bids without discussions. After evaluating the bids, Larimer County makes an award to the responsible bidder whose bid was responsive and most advantageous to the county, considering only price and price-related factors (such as warranties, life-cycle costs, and transportation costs). The type of contract awarded under sealed bidding is a firm fixed price contract. Construction contracts and commercial-off-the shelf items are examples of when sealed bidding is normally appropriate.

For procuring construction, sealed bidding is the preferred method of procurement for the PA Program when it is feasible. In order for sealed bidding to be feasible, the following conditions should be present:

- Precise Specifications - A complete, adequate, and realistic specification or purchase description is available. As such, a vendor can simply bid a price in response to the solicitation.
- Adequate Sources - Two or more responsible bidders are willing and able to compete effectively for the business.
- Fixed Price Contract - The procurement generally lends itself to a firm fixed-price contract.
- Price Determinative - The successful bidder can be selected on the basis of price. This would include price-related factors listed in the solicitation, such as transportation costs, discounts, etc. Apart from the responsibility determination discussed earlier in this Field Manual, contractor selection is not determined on the basis of other factors whose costs cannot be measured at the time of award.
- Discussions Unnecessary - Although not discussed in the regulation, another factor to be considered in determining whether sealed bidding is feasible is whether discussions with one or more bidders are expected to be unnecessary, because award can be based on price and price-related factors alone. However, this does not include pre-bid conferences with prospective bidders, which can often be useful.

If Larimer County uses sealed bid procedures, federal regulations set forth the following requirements.

- Publicity – Larimer must publicly advertise the invitation for bids.
- Adequate Sources – Larimer must solicit bids from an adequate number of known suppliers. The precise manner of such solicitations is at the discretion of the Larimer County Purchasing Department.
- Adequate Specifications – The invitation for bids, including any specifications and pertinent attachments, must describe the property or services sought in sufficient detail that a prospective bidder will be able to submit a proper bid.
- Sufficient Time – The invitation for bids must provide bidders sufficient time to prepare and submit bids before the date set for opening the bids and must comport with state and local requirements.
- Public Opening – Larimer must open all bids at the time and place prescribed in the invitation for bids.
- Fixed Price Contract - A firm fixed price contract is awarded in writing to the lowest responsive and responsible bidder. When specified in the bidding documents, other price factors such as transportation costs and life cycle costs affect the determination of the lowest bid; payment discounts are used to determine the low bid only when prior experience indicates that such

discounts are typically taken. Larimer County may reject any and all bids if there is a sound, documented business reason.

Competitive Proposals (or Negotiated Procurement)

Federal regulations recognize the use of competitive proposals to be a generally accepted procurement method when the nature of the procurement does not lend itself to sealed bidding and the county expects that more than one source will be willing and able to submit an offer or proposal. Under this method, either a fixed-price or cost-reimbursement contract is awarded to the responsible firm whose proposal is determined to be the most advantageous to the county with price in addition to other factors, such as technical and past performance, considered.

This is the method of procurement most often used for professional services in connection with construction, such as program management, construction management, feasibility studies, preliminary engineering, design, architectural, engineering, surveying, mapping, and related services. But it is not the method commonly used for actual construction, alteration, or repair to real property, as the regulations include a preference for sealed bidding to be used for these types of services (unless it would be infeasible to do so).

The following comprise additional circumstances when procurement by competitive proposals should be used:

- Type of Specifications – Property or services to be acquired are performance or functional based—or, even if described in technical specifications, other circumstances such as the need for discussions or other factors for basing the contract award on something other than price are present.
- Price Is Not Determinative – Due to the nature of the service or good to be acquired, the county cannot base the contract award exclusively on price or price-related factors. In different types of procurements through competitive proposals, the relative importance of cost or price may vary.
- Discussions Needed or Expected – Separate discussions with individual offeror(s) are expected to be necessary after they have submitted proposals. This is a key distinction from sealed bidding, in which discussions with individual bidders are not permitted and the award of the contract will be made based on price and price-related factors alone.

If Larimer County uses procurement through competitive proposals, the regulation sets forth the following requirements:

- Public Announcement – Larimer must publicly advertise the request for proposals.

- Adequate Sources - Larimer must solicit proposals from an adequate number of qualified sources. The precise manner of such solicitations is at the discretion of the Larimer County Purchasing Department and subject to state and local requirements.
- Disclosure of Evaluation Factors and Their Relative Importance – The request for proposals must identify all evaluation factors and their relative importance.
- Technical Evaluation – Larimer must have a method for conducting technical evaluations of the proposals received and for selecting awardees.
- Consideration of Proposals – Larimer must honor, to the maximum extent practical, any response to a publicized request for proposals.
- Geographical Preference – FEMA prohibits in-state or local geographical preferences, except as required by federal law
- Award – Larimer will make an award to the responsible firm whose proposal is most advantageous to the program ("best value"), with price and other factors considered. The award must be consistent with the publicized evaluation and award criteria.

Noncompetitive Procurement

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source or where, after a solicitation of a number of sources, competition is determined inadequate. This method of procurement involves the award of a contract by Larimer County without providing for full and open competition. FEMA or the State of Colorado may require Larimer County to submit a proposed procurement for pre-award review. It is important to recognize that the county's noncompetitive procurement may meet the requirements of state and local procurement laws and regulations, but not meet the Federal procurement standards.

There are several key requirements with which the county must comply when conducting a noncompetitive procurement. One of the requirements is that the county must conduct a cost analysis, under which the county verifies the proposed cost data, verifies the projections of the data, and evaluates the specific elements of costs and profits. Larimer County must also negotiate profit as a separate element of price. Another requirement is that the county may use procurement by noncompetitive proposals only under two conditions precedent. The first condition precedent is that the award of a contract must be "infeasible" under small purchase procedures, sealed bids, or competitive proposals. The regulation does not define the term "infeasible," but the term is generally defined as not feasible, impracticable, or not capable of being done, effected, or accomplished. The county must, as with all other significant items in the history,

document the basis and justification for procurement by noncompetitive proposals.

Larimer County may use the procurement through the noncompetitive proposal method when the public exigency or emergency for the requirement will not permit delay resulting from competitive solicitation. To the extent possible, Larimer County should seek and document FEMA approval for noncompetitive procurements in advance.

d. Contract Provisions

According to federal regulations, a subgrantee's contracts must contain several provisions. Some of the provisions are based on sound contracting principles and others are required by Federal law, executive order, or regulation.

i. **Contracting with Small and Minority Firms, Women's Business Enterprises, and Labor Area Surplus Firms**

The regulation requires that Larimer County take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor area surplus firms are used when possible. The regulation provides specific steps which must be followed and documented.

ii. **Awards to Responsible Contractors**

Larimer County must make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. In awarding a contract, the county must give consideration to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

Larimer County may not enter into a contract with a contractor that is federally debarred or suspended, but it is important to recognize that a contractor, even if not debarred or suspended, may still not be a "responsible" contractor for the purposes of federal regulations. For example, a contractor may not have the necessary "technical and financial resources" to properly perform a contract, such as the necessary equipment and technical skills (or the ability to obtain them) to perform a particular scope of work.

iii. **Davis Bacon Act**

The Davis-Bacon Act requires federal construction contractors to pay their workers the "prevailing wage" based on the local union wage scale defined by the Department of Labor. The provisions of the Davis-Bacon Act do not apply to state or local contracts for work completed using

public assistance funds under the Stafford Act. However, the provisions may apply to contracts let by other federal agencies, such as the USACE. If a state or local government incorporates Davis-Bacon wage rates as part of its normal practice for all contracts, regardless of funding source, then those rates would be eligible.

e. Contract Monitoring

Larimer County has identified methods for monitoring the performance of the contractor to ensure that work conforms to project design and the scope of work in the Project Worksheet, quality controls are being met, and potential delays or cost overruns are identified. Monitoring may be audited and must be formally documented. The extent of monitoring depends upon the type and scope of the contract.

f. Procurement Records (44 C.F.R. § 13.36(b)(9))

Larimer County maintains sufficiently detailed records that document the procurement history. These records include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, basis for the contract price, the contract document and any contract modifications with the signatures of all parties. In addition, the procurement documentation file will also contain:

- Purchase request, acquisition planning information, and other pre-solicitation documents
- List of sources solicited
- Independent cost estimate
- Statement of work/scope of services
- Copies of published notices of proposed contract action
- Copy of the solicitation, all addenda, and all amendments
- An abstract of each offer or quote
- Determination of contractor's responsiveness and responsibility
- Cost or pricing data
- Determination that price is fair and reasonable, including an analysis of the cost and price data
- Notice of award
- Notice to unsuccessful bidders or offerors and record of any debriefing
- Record of any protest
- Bid, performance, payment, or other bond documents
- Notice to proceed

g. Procurement Standards

Procurement Standards are under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Rules"), which are codified at 2 C.F.R. 200.317 through 200.326, which supersedes the

procurement regulations formerly found at 44 C.F.R. pt. 13 (State, Local and Tribal Governments), and 2 C.F.R. pt. 215 (Private Nonprofit Organizations).

XVII. Insurance

FEMA requires the applicant to obtain and maintain insurance on any insurable facility that is requesting funding from the Public Assistance Program. Larimer County must provide the insurance policy prior to any funding, including the following information:

- Policies
- Deductible information
- Statement of loss
- Proof of loss
- Claim summaries
- Letters of denial

XVIII. Agreements

Local Intergovernmental Agreements

An Intergovernmental Agreement (IGA) is a binding contract for support or services. If the agreement has a financial obligation, an IGA should be used. Larimer County should enter into state and local intergovernmental agreements for procurement or use of common goods and services. The Office of Emergency Management has entered into IGAs with several of the cities, towns and special districts in Larimer County and the surrounding area.

Mutual Aid Agreements

A mutual aid agreement is an agreement between two parties that allows for a rapid response of resources from neighboring communities. FEMA allows Larimer County to use Public Assistance funding to pay for work performed by another entity through a mutual aid agreement. This policy applies to all forms of mutual aid assistance, including agreements between a requesting and providing entity, statewide mutual aid agreements, and mutual aid services provided under the Emergency Management Assistance Compact (EMAC). There are three types of mutual aid work eligible for FEMA assistance:

- Emergency Work (Public Assistance Categories A and B) – Mutual aid work provided in the performance of emergency work necessary to meet immediate threats to life, public safety, and improved property
- Permanent Work Related to Utilities (Public Assistance Category F) – Work that is of a permanent nature but is necessary for emergency restoration of utilities. For example, work performed to restore electrical and other power
- Grant Management Work – For Public Assistance only, work associated with the performance of the grantee's responsibilities as grant administrator

XIX. Public Assistance Alternative Procedures (PAAP) Pilot Program

The Sandy Recovery Improvement Act of 2013 added Section 428 to the Stafford Act (42 U.S.C. 5189f), which authorizes alternative procedures for implementing the PA program. These alternative procedures:

- Provide a financial incentive in the form of a sliding scale for quicker debris removal as well as a one-time 2% increased cost share adjustment for the first 90 days of debris removal activities
- Reimburse permanent work based on estimates rather than actual costs
- Provide flexibility with the eligible use of capped funds
- Reduce and expedite administrative efforts

To qualify for the debris PAAP Pilot Program, Larimer County must have a FEMA approved debris management plan and at least one pre-approved debris related contractor in place prior to the presidentially-declared disaster.

Larimer County should carefully consider the ramifications of electing these procedures. In large-scale disasters, the limitations may outweigh the benefits.

XX. Public Assistance Progress Reports

Progress reports are critical to ensuring that FEMA and the state have up-to-date information on PA program grants. Reporting requirements for the PA program generally concentrate on large projects.

The state will submit reports quarterly to FEMA for large projects for which the final payment has not been made. The date of the first report will be determined jointly by the state and FEMA, depending on the circumstances at the time. The progress report will describe:

- The status of the project, such as “in design”, or “under construction”
- Time extensions granted, if any
- A project completion date
- Any problems or circumstances that could delay the project or result in noncompliance with the conditions of the FEMA approval.

As final payment is made of each large project, the project may be dropped from the report.

XXI. Scope of Work Changes and Costs

During the performance of work on a project, the applicant may discover hidden damage, additional work that is necessary to properly complete the project, or that certain costs are higher than those used to make the original estimate for the PW. Delays in the work schedule may also increase costs.

For large projects, when a change in scope or a need for additional funding is discovered, Larimer County will notify the state as soon as possible. The request will contain justification for the eligibility of the additional work or costs. If additional damage to the

facility is involved, it may be necessary to show how that damage is disaster-related. The state will forward the request to FEMA with a written recommendation. To determine eligibility, FEMA and the state, in cooperation with Larimer County, may conduct a site visit. FEMA will render a decision and notify the state either with an amended PW for additional funding or a written denial of the request.

XXII. Cost Overrun

Because of the nature of the Public Assistance Program, applicants may find that in most instances cost estimates are approved by FEMA prior to the completion of the associated work. On occasion, the actual costs incurred by the applicant during performance of the work exceed the approved estimate. This situation is known as a Cost Overrun. Cost overruns are usually caused by one of the following:

- Hidden damage: additional disaster damage may become evident
- Variations in unit pricing: The unit prices used in the cost estimate may have been lower than those the applicant was actually charged
- Change in the scope of work: While performing the work, the applicant may find that additional eligible work or changes in the prescribed work are necessary
- Delay in starting or completion times: Problems beyond the applicant's control may contribute to delays in starting or completing work

If the additional costs are justified, Larimer County will contact the state as soon as possible to ensure that proper guidelines for documenting any additional costs are followed. The state will forward requests for additional funding to FEMA. Such requests must contain documentation to support that the additional costs were incurred during the performance of eligible work. If the need for additional work is discovered during the performance of work on the project, the state must be notified and must notify FEMA so that FEMA may inspect the site, if necessary.

Small projects are handled differently. If there is a gross error or omission in the scope of work, the applicant should make a request for a change as described for large projects. Otherwise, cost overruns are not handled on a project-by-project basis; rather, the applicant may request supplemental funding for a significant net cost overrun on all small projects by submitting an appeal through the State to FEMA. An appeal should be submitted only when the total costs for all small projects exceed the total cost approved for all small projects. The appeal must be submitted within 60 days of the completion of that applicant's last small project. The appeal must include documentation of actual costs correlated to each line item in the scopes of work. This includes projects with underruns as well as those with overruns. An explanation of all cost and quantity differences with the approved scopes of work should be included.

XXIII. Close-Out Process

Grant closure occurs when FEMA determines that all applicable administrative actions related to the Public Assistance Program are complete and all programs funds are

reconciled. At this stage, all Public Assistance Program projects have been completed, the state has awarded all grant funds and submitted its final expenditure report to FEMA, and FEMA has adjusted the funding level for the program as appropriate. Close out may occur many years after the disaster.

XXIV. Resource Requirements

Resources needed to support the effective operations under this Annex are addressed in Policies and Procedures developed and maintained by each Primary and Support Agency.

XXV. Financial Controls, Guidance and Organization

Timely financial support for response activities is crucial in saving lives and protecting property. Expeditious means will be employed to provide financial management support to achieve operational objectives. Departments are responsible for developing and maintaining a cost-effective system of management controls to ensure that public activities are managed effectively, efficiently, economically, and with integrity in order to prevent fraud, waste, and abuse.

All documentation related to the PA Program will be kept for 3 years from date of final Financial Status Report, or follow state and applicant record retention policies if they require retention beyond 3 years

XXVI. Annex Development and Maintenance

The Larimer Office of Emergency Management is responsible for developing and maintaining this annex. This annex will be reviewed annually and updated as needed to remain current.

XXVII. References

- Larimer Comprehensive Emergency Management Plan, 2015
- State of Colorado Emergency Operations Plan, 2015
- State of Colorado Public Assistance Program Administrative Plan
- Public Assistance Program and Policy Guide, FP 104-009-2, January 2016
- Public Assistance Program Field Operations Pocket Guide, FEMA P-1011, April 2014
- Public Assistance Applicant Handbook, FEMA 323, March 2010