

FEMA

“Disaster Assistance Fact Sheet”

DAP9580.6

**“Electric Utility Repair –
Public and Private Non-Profit”**

Effective: September 22, 2009; Updated March 2, 2010

**An Overview provided by
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Purpose:

- The purpose of DAP 9580.6 memorandum is to announce the issuance of a new ‘fact sheet’ from FEMA which establishes criteria to determine eligibility for repair or replacement of disaster-damaged electric distribution and transmission systems under the authority of **rural electric cooperatives (RECs), municipal electric utilities, public power districts, and other public entities** following a major disaster or emergency declaration by the President of the United States.

Overview:

- This 'fact sheet' addresses appropriate contracting procedures, categories of work (that is, category B or F), criteria for replacing conductors, hazard mitigation, Rural Utility Service (RUS) Bulletins, and collateral damage. **The Federal Emergency Management Agency (FEMA) must inspect and validate all projects for which the owners are requesting replacement of conductors.** The utility owners are responsible for the safety and reliability of their distribution and transmission systems.

Contracting:

- To be eligible for Federal funding, applicants **MUST** comply with federal procurement standards as outlined in the **Title 44 Code of Federal Regulations (CFR), Part 13.36, PROCUREMENT**. Essential elements of the procurement process include:
 - Competition;
 - A clear and definitive scope of work, if possible;
 - Qualified bidders (documented by licenses, financial records, proof of insurance, and bonding, as applicable);
 - A price analysis to demonstrate price reasonableness;
 - Compliance with all relevant local, State, and Federal requirements, laws and policies; and
 - Clear documentation of the process/rationale followed in making procurement decisions.

Contracting: (continued)

- **NOTE:** There is NO requirement to negotiate profit separately when applicants follow competitive procurement procedures. Profit is considered to be a component of the unit price.

Unacceptable Contracts:

- Cost Plus Percentage of Cost

Acceptable Contracts:

1. **Lump Sum**
2. **Unit Price**
3. **Cost Plus Fixed Fee**
4. **Sole Source for Materials** – in limited situations. RECs, municipal utilities, and public power districts may use non-competitive procurements to procure materials, PROVIDED they meet the requirements of **44 CFR §13.36(d)(4)**, *Methods of procurement to be followed, Procurement by non-competitive proposals.* (Next slide provides specifics on this CFR Reference)

Acceptable Contracts: (continued)

- **44 CFR §13.36(d)(4):** Procurement by non-competitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate. (i) Procurement by non-competitive proposals may be used only when the award or contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies: (A) The item is available only from a single source; (B) *The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;* (C) The awarding agency authorizes non-competitive proposals; or (D) After solicitation of a number of sources, competition is determined inadequate. (ii) Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required. (iii) Grantees and sub-grantees may be required to submit the proposed procurement to the awarding agency for pre-award review in accordance with paragraph (g) of this section.

Acceptable Contracts: (continued)

5. **Time and Material (T&M)** –applicants may use T&M contracts only when it has been determined that no other contract is suitable and the contract includes a ceiling price that the contractor exceeds at its own risk (44 CFR §13.36(b)(10), *Procurement Standards*). Since RECs, municipal utilities, and public power districts generally provide the materials used in repairing their systems, these contracts are referred to as “**time and equipment**” (T&E) **contracts**. Due to the critical nature of restoring power to the electrical grid following a disaster and because exigent circumstances do not permit delays related to fully assessing the damages before repair work begins, RECs, municipal utilities, and public power districts commonly use T&M/T&E contracts for making disaster-related repairs.

Acceptable Contracts: (continued)

- **The use of T&M/T&E contracts** to repair disaster-related damages to electrical transmission and distribution systems may be eligible for Public Assistance (PA) funding ***provided the utility owner***: (a) Documents the exigent circumstances that exist and explains why other types of contracts were not suitable; (b) Documents why a detailed scope of work could not be developed for the repairs; (c) Ensures that all T&E contracts contain a “ceiling price” that the contractor exceeds at its own risk, a “not to exceed” clause, or are otherwise limited by an applicant-issued task order; (d) Performs and documents a price analysis to demonstrate that the hourly rates are reasonable and justifiable under the disaster conditions; (e) Documents the terms of the contract (including mutual aid contracts); and (f) Monitors contractors and keeps good records of work performed. 9

Category of Work:

- FEMA characterizes work authorized under Sections 403, **Essential Assistance**, and 407, **Debris Removal**, of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) as *emergency work* (Categories B and A, respectively) and under Section 406, **Repair, Restoration, and Replacement of Damaged Facilities**, as *permanent work* (Categories C-G). Category “F” refers to the permanent repair of utility systems. RECs, municipal utilities, and public power districts work to restore power to customers as soon as possible following disasters. Most repairs are permanent in nature. FEMA categorizes electric utility restoration work as follows:

Category of Work: (continued)

1. FEMA will characterize all temporary work that RECs, municipal utilities, and public power districts perform to restore power to all facilities capable of receiving it, as **Category “B,” *emergency work***. In these situations, the RECs, municipal utilities, and public power districts make permanent repairs later to bring the damaged components into compliance with appropriate codes and standards.
2. FEMA will characterize work that RECs, municipal utilities, and public power districts perform to restore the damaged facilities to pre-disaster condition in accordance with applicable codes and standards as **Category “F,” *permanent work***. RECs, municipal utilities, and public power districts can complete permanent repairs immediately after the disaster occurs *or* after temporary repairs are completed (see item # 1 above).

Replacing Conductors:

- **44 CFR §206.226, Restoration of damaged facilities**, authorizes reimbursement for “...work to restore eligible facilities on the basis of the design of such facilities as they existed immediately prior to the disaster...” in accordance with adopted codes and standards. FEMA recognizes local, state, and national codes (for example, the National Electrical Safety Code and RUS standards and specifications for materials, equipment, and construction, which are applicable regardless of funding source) as appropriate when determining eligible cost to repair or replace damaged electrical facilities.

Replacing Conductors: (continued)

Establishing Pre-Disaster Condition - Applicants should provide the following information to establish pre-disaster condition of their facilities:

1. Certification of the pre-disaster condition and capacity of the conductor from a licensed professional engineer who has direct experience with the damaged electrical transmission or distribution system. Records providing satisfactory evidence of the condition and capacity of the conductor as it existed prior to the disaster. *The certification may be supplemented by a professional engineering evaluation.*

Replacing Conductors: (continued)

- **Establishing Pre-Disaster Condition – (continued)**
 2. If available, copies of construction work plans demonstrating the utility's past practices and current/future projects.
 3. If required by RUS, a copy of any corrective action plans submitted to RUS in compliance with 7 CFR §1730.25, **Corrective Action** (RUS borrowers only).

Replacing Conductors: (continued)

- **Criteria for Conductor Replacement** – Determining the disaster-related damages to some components (for example, poles, guys, and cross-arms) of an electrical transmission or distribution system can usually be accomplished by visual inspection. However, determining the full extent of disaster-related damages to conductors, and the appropriate method to repair the damages, is more challenging, particularly with older systems. FEMA considers a conductor eligible for replacement when it is stretched beyond the point where it can be effectively repaired and re-sagged through predictable modeling to meet appropriate clearances, sag and tension, and to meet pre-disaster reliability. A conductor is beyond the point where it can be effectively repaired when one or more of the following criteria exist within a line section:

Replacing Conductors: (continued)

- **Criteria for Conductor Replacement (continued):**
 1. 25% or more of the conductor spans are damaged. Damage is defined as broken conductors, broken strands, the existence of new (disaster-related) splices, and/or if the conductor is severely pitted, burned, kinked, or damaged in other ways.
 2. 30% or more of the line spans are visibly out of sag or do not meet clearances (for example, the conductor does not meet clearance requirements for conductor-to-conductor or conductor-to-ground).
 3. 40% or more of the poles were replaced or need to be replaced or plumbed (straightened) due to the disaster.

Replacing Conductors: (continued)

- **Criteria for Conductor Replacement (continued):**
 4. 40% or more of the supporting structures have a disaster-related damaged component (for example, cross-arms, braces, pins, ties, insulators, guys/anchors, or poles).
 5. The sum of the percentages of the above criteria is 65% or more.
 6. Other additional compelling information provided by a licensed professional engineer.

Replacing Conductors: (continued)

- **Replacement Conductor** – FEMA will fund eligible work in accordance with 44 CFR §206.226, **Restoration of damaged facilities**. The use of #2 Aluminum Conductor, Steel Reinforced (ACSR), however, is considered the lower cost equivalent to replace conductor with equal or lesser amperage capacity, such as copper weld conductor (CWC), hard and soft-drawn copper wire, smaller ACSR, and Amerductor. When such conductor is replaced with #2 ACSR, FEMA will fund adjustments of span lengths and pole heights to meet appropriate design requirements.

Replacing Conductors: (continued)

- **Replacement Conductor – (continued):**

If FEMA determines that the conductor is eligible for replacement, FEMA will fund the use of #2 ACSR as the lower cost equivalent replacement of conductor with equal or lesser amperage capacity (for example, copper weld conductor (CWC), hard and soft-drawn copper wire, and smaller ACSR, and Amerductor). If the existing spacing of poles exceeds the spacing required for the new conductor, FEMA will fund the installation of additional poles and components as required to meet appropriate design requirements. *If disaster damaged conductor does not qualify for replacement, the damaged line section is eligible for repair only.*

Hazard Mitigation:

- FEMA provides hazard mitigation funding under **Section 404, Hazard Mitigation, and Section 406, Repair, Restoration, and Replacement of Damaged Facilities**, of the Stafford Act. The State manages the Section 404 Hazard Mitigation Grant Program and establishes the funding priorities for the program. FEMA will evaluate and fund Section 406 hazard mitigation projects to protect disaster-damaged components of facilities. FEMA supports funding cost-effective hazard mitigation measures for electrical transmission and distribution facilities. In order to be eligible, hazard mitigation measures under Section 406 of the Stafford Act:

Hazard Mitigation: (continued)

1. Must be appropriate to the disaster damage and must prevent future damage similar to that caused by the declared event.
2. Must be applied only to the damaged element(s) of a facility. This criterion is particularly important when conducting repairs to a portion of a system.
3. Cannot increase risks or cause adverse effects to the facility or to other property.
4. Must consist of work that is above and beyond the eligible work required to return the damaged facility to its pre-disaster design. Upgrades required to meet current codes and standards, however, are not considered hazard mitigation measures for purposes of the PA program and have different eligibility criteria.

Hazard Mitigation: (continued)

- FEMA staff must review and approve hazard mitigation measures prior to implementation to ensure eligibility, technical feasibility, environmental and historic preservation compliance, and cost effectiveness. FEMA may fund the use of “wind-motion resistant conductor” as effective hazard mitigation, when conductor segments qualify for replacement.
- Code or standard upgrades that FEMA determines do not meet the five criteria listed in 44 CFR §206.226(d), **Restoration of damaged facilities, Standards**, but which will enhance a facility’s ability to resist similar damage in a future disaster, may be eligible for funding under Section 406 hazard mitigation (See FEMA Disaster Assistance Policy DAP9526.1, *Hazard Mitigation Funding under Section 406 of the Stafford Act*). For example, increasing the size or changing the type of conductor for hazard mitigation purposes may be eligible for FEMA reimbursement provided it is both viable and cost-effective.

Hazard Mitigation: (continued)

- **Cost effectiveness is defined as:**

1. Up to 15% of the total eligible cost of eligible repairs; or
2. Up to 100% of eligible repair costs for measures listed in Appendix A of DAP9526.1 (see below); or
3. A benefit-cost ratio of 1 or greater.

DAP9526.1 – Appendix A – Section E, Electrical Power Distribution:

1. Pad-mounted transformers – elevating above the base flood elevation.
2. Using multiple poles to support transformers
3. Anchoring or otherwise protecting fuel tanks from movement in a disaster.
4. Replacing damaged poles with higher-rated poles, of the same or different material such as replacing wood poles with pre-cast concrete or steel.
5. Adding guy wire or additional support to power lines.
6. Removing large diameter lines from poles.
7. Providing looped distribution service or other redundancies in the electrical service to critical facilities.

Hazard Mitigation: (continued)

- A non-exhaustive list of typical hazard mitigation measures for electrical systems includes the following:

Sample Mitigation Measure:

Installing additional poles to support transformers.

Installing guy-wires.

Providing looped distribution service or other redundancies to critical facilities.

Elevating pad-mounted transformers above BFE (or ABFE where applicable).

Replacing damaged poles with higher-rated poles of the same or different material (concrete, steel)

Cross-bracing on H-Frame Poles.

Removing large diameter communication lines.

Upgrade conductor to Wind-Motion Resistant Conductor (e.g., T2 ACSR).

Mid-Span poles (not specified by code).

Justification:

100%, listed in Appendix A of DAP9526.1

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15% of the total eligible cost of the eligible repairs.

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Rural Utility Service (RUS) Bulletins:

- In order for the costs of Federal, State, and local repair or replacement standards which change the pre-disaster construction of a facility to be eligible, 44 CFR §206.226(d), **Restoration of damaged facilities, Standards**, requires that the standards must:
 1. Apply to the type of repair or restoration required;
 2. Be appropriate to the pre-disaster use of the facility;
 3. Be found reasonable, in writing, and formally adopted and implemented by the State or local government on or before the disaster declaration date, or be a legal Federal requirement applicable to the type of restoration;
 4. Apply uniformly to all similar types of facilities within the jurisdiction of the owner of the facility; and
 5. For any standard in effect at the time of a disaster, it must have been enforced during the time it was in effect.

RUS Bulletins: (continued)

- Under the authority of the Rural Electrification Act of 1936, the United States Department of Agriculture RUS, Electric Programs Division, makes direct loans and guarantees loans to electric utilities to serve customers in rural areas. Rural electric cooperatives use the loans and loan guarantees to finance construction of electric distribution, transmission, and generation facilities. Through these loans, the Federal government is the majority note-holder for approximately 700 electric systems in 46 states. In accordance with **7 CFR §1724.1(b), Electrical Engineering, Architectural Services and Design Policies and Procedures**, all borrowers, regardless of funding sources, are required to comply with RUS requirements for new construction design standards, and the use of RUS-accepted material on electric systems.

RUS Bulletins: (continued)

- On July 1, 2005, RUS published **Bulletin #1724D-106**, *Considerations for Replacing Storm-Damaged Conductors*. The bulletin provides guidelines to assist rural electric cooperatives in making expedient decisions on whether to repair or replace damaged conductors after disasters. FEMA has reviewed this bulletin and determined that it **does not** meet the definition of a code or standard as described in **44 CFR §206.226(d)**. **Therefore, FEMA will not accept RUS Bulletin 1724D-106** as a basis for replacing damaged conductors. To date, rural electric cooperatives have not cited other RUS Bulletins to support their requests for the replacement of conductors. FEMA will evaluate other RUS Bulletins on a case-by-case basis.

Repair of Collateral Damage:

- The repair of damage to eligible facilities caused during the performance of eligible work is reimbursable under the Public Assistance Program. If rural electric cooperatives, municipal utilities, or public power districts damage their own or other public property while performing emergency repairs to their facilities, the cost to repair the damage may be eligible (See **DAP9525.8**, *Damage to Applicant-Owned Equipment*, next slide). Rural electric cooperatives often obtain easements from private landowners to access and maintain their transmission and distribution facilities. If private property easements are damaged while making repairs to the disaster-damaged facilities (for example, ruts on the property), the repair of the damage to the private property is eligible for FEMA Public Assistance reimbursement. *Applicants shall demonstrate legal responsibility for the repair in the form of written or statutory easement with an express legal responsibility to repair the damage.*

FEMA DAP9525.8

- ***Damage to Applicant-Owned Equipment Performing Emergency Work*** – This policy provides guidance for determining the eligibility of damage and extraordinary maintenance to applicant-owned equipment used to perform emergency work. This policy is applicable to all major disasters and emergencies declared on or after the publication date of this policy. It is intended for personnel involved in the administration of the Public Assistance Program. The FEMA *Schedule of Equipment Rates* provides authorized reimbursement rates for applicant-owned equipment, and includes parts and labor for normal maintenance and periodic equipment overhaul. (continued)

FEMA DAP9525.8 - continued

- These rates are expected to cover most damage to equipment used under emergency conditions. However, when equipment sustains unusual damage or requires extraordinary maintenance as a result of emergency use under severe conditions (e.g., high water or very tough terrain), and such damage cannot be reasonably avoided, repair and/or maintenance costs may be eligible for reimbursement. *Note: This policy does not address applicant-owned equipment that is damaged as a direct result of a disaster, and which may be eligible for repair or restoration in accordance with 44 CFR §206.226(h).*

FEMA DAP9525.8 - continued

- **Policy:** (A) Extraordinary expenses for the repair and maintenance of equipment operating under severe disaster conditions may be eligible for reimbursement. Maintenance records will be required to demonstrate that the equipment was in good operational order prior to the disaster. FEMA funding will be limited to the cost of repairs less insurance proceeds, to avoid duplication of benefits, as required in Section 312(a) of the Stafford Act. Repairs to equipment in excess of \$5,000 shall require the applicant to obtain insurance equal to the amount of eligible damage to protect against future loss from the same hazard, in compliance with Section 311(b) of the Stafford Act. FEMA will use the following criteria to determine eligibility:

FEMA DAP9525.8 - continued

- (A)(1) Damage to equipment must be disaster-related and not included in the FEMA *Schedule of Equipment Rates* or in other FEMA-approved rates.
- (A)(2) Equipment must have been operated in severe or unusual conditions (e.g., in high water, deep sand, fire, very rough terrain, salt water, heavy snow, or in a heavy-debris environment) during emergency operations.
- (B) Equipment damaged or requiring maintenance due to routine use under normal working conditions for which the equipment was designed will not be eligible for any reimbursement costs other than those designated in the FEMA *Schedule of Equipment Rates* or other FEMA approved rates (44 CFR §206.228(a)(1)).

FEMA DAP9525.8 - continued

- (C) Damages which FEMA determines to have been reasonably avoidable are not eligible for reimbursement.
- (D) **Eligible Costs:** Examples of potentially eligible costs resulting from operations in severe conditions include:
 1. Damage caused by hitting submerged objects;
 2. Damage caused by the disaster as a direct result of accomplishing emergency work, such as equipment washed away by high water when working to repair a breached levee or dam;
 3. Necessary cleaning of moving parts to remove foreign material that would, if not removed, cause damage in the equipment;
 4. Fluid changes for equipment not designed for use in high water conditions; *(continued on next slide...)*

FEMA DAP9525.8 - continued

- (D) **Eligible Costs:** *(continued from previous page.)*
 5. Repairing or replacing tires and repairing undercarriage damage as a result of operating in severe debris conditions;
 6. Damage to equipment caused by civil unrest or terrorist activity (e.g., from other than a natural disaster) when the event results in a Presidentially-declared disaster or emergency declaration;
 7. Replacement of fire hoses used to pump raw sewage or other contaminated liquids under emergency conditions, and when the cleaning of the hoses was not reasonably feasible; and
 8. Damage due to vehicle accident(s) caused by conditions resulting from the declared event while performing eligible emergency work.
- (E) **Ineligible Costs:** Equipment damaged or destroyed when used for other than its intended design and function is ineligible for reimbursement unless it was the only equipment available to save lives or protect property from imminent threat of harm (44 CFR §206.225(a)(1)) Examples of specific costs that are not eligible for reimbursement include: *(continued on next slide...)*

FEMA DAP9525.8 - continued

- **(E) Ineligible Costs:**

1. Corrosion;
2. Changing fluids, except when required by other eligible damage or as provided in Section VII-D-4 of this policy; and
3. Damage to equipment that was not related to performing eligible work, e.g., damage as the result of vandalism (except under the conditions specified in paragraph VII-D-6) or operator error.

(F) Repetitive Damage: Generally, applicants operating in a high-risk environment (e.g., areas prone to frequent flooding or hurricanes), and who have failed to maintain their equipment for that environment, will not be eligible for maintenance costs that would have been avoidable under a more rigorous maintenance program.

VIII: Responsible Office: Disaster Assistance Directorate (PA Division)

IX: Supersession: This policy supersedes RP9525.8, August 17, 1999.

APPENDIX: Conductor Replacement Criteria – Frequently Asked Questions:

1. What is a span?
 - A span is the distance between two poles.
2. What is a line section?
 - A line section is a group of contiguous spans selected for evaluation. The applicant has flexibility in defining a line section. A line section could be a single span, all the spans between two deadend structures, all the spans on a feeder, all the spans on a tap or any other group of contiguous spans that are evaluated together.

APPENDIX: Conductor Replacement Criteria – Frequently Asked Questions: *(continued...)*

3. What is Criterion 1 and how is it applied?

- This criterion relates to visible damage to the conductor in a line section. A conductor span with damage such as broken strands, splices or sleeves (installed as a result of the disaster), birdcaging, severe pitting, burns, kinks or other visible conductor damage is counted in this criterion. The number of conductor spans is calculated by multiplying the number of conductors per span by the number of spans. For example a three phase line section with three spans has 12 conductor spans (4 conductors X 3 spans = 12). If a single conductor span has damage in more than one location it still only counts as one damaged conductor span. If 25% or more of the total conductor spans in a line section have visible damage as a direct result of the disaster, then the conductors of that line section are considered eligible for replacement.

APPENDIX: Conductor Replacement Criteria – Frequently Asked Questions: *(continued...)*

4. What is Criterion 2 and how is it applied?

- This criterion relates to conductor elongation or stretch in a line section. Any conductors in a span that are out of sag or do not meet clearance requirements as a direct result of the disaster are counted in this criterion. If more than one conductor in a span is out of sag or does not meet clearance requirements it still counts as just one span. This evaluation does not require precise measurement of the conductor temperature or actual sag or clearances. This determination is to be made using the good judgment of a qualified electrical inspector. If 30% or more of the total spans in a line section are visibly out of sag or do not meet clearance requirements as a direct result of the disaster, then the conductors of that line section are considered eligible for replacement.

APPENDIX: Conductor Replacement Criteria – Frequently Asked Questions: *(continued...)*

5. What is Criterion 3 and how is it applied?

- This criterion is related to damage to the poles supporting the conductor in a line section. If a pole was replaced, is in need of replacement or is in need of plumbing (straightening) as a direct result of the disaster, then it counts in this criterion. A pole is considered to be in need of straightening if it is leaning such that it is unsafe to climb. If 40% or more of the total poles in a line section meet this criterion then the conductors in that line section are considered eligible for replacement.

APPENDIX: Conductor Replacement Criteria – Frequently Asked Questions: *(continued...)*

6. What is Criterion 4 and how is it applied?

- This criterion relates to damage to the supporting structure other than the poles. If the supporting structure has damage such as a broken cross-arm, broken support brace, bent pin, broken tie, broken insulator, broken guy or pulled anchor as a direct result of the disaster then that support structure is counted in this criterion. If more than one element of the support structure is damaged it still only counts as one damaged support structure. If a pole is counted under Criterion 3 then the supporting structure should not be counted under Criterion 4. If 40% or more of the total number of support structures in a line section are damaged as a direct result of the storm then the conductors of that line section are considered eligible for replacement.

APPENDIX: Conductor Replacement Criteria – Frequently Asked Questions: *(continued...)*

7. What is Criterion 5 and how is it applied?

- This criterion relates to the total damage to a line section. If the sum of the percentages calculated for Criteria 1 through 4 is 65% or more then the conductors of that line section are considered eligible for replacement. It is possible that the sum of the percentages for Criteria 1 through 4 could be more than 100%.

8. What is Criterion 6 and how is it applied?

- This criterion is included to account for other methods of demonstrating that the conductor in a line section is damaged beyond repair. If this criterion is applied then supporting evidence must be documented to clearly describe the basis for the conclusion that the conductor in this line section was damaged as a direct result of the disaster and is not suitable for continued service. FEMA will make the final determination on a case-by-case basis.

OTHER RELATED POLICIES

- **DAP 9525.9** (*Sec. 324 Management Costs & Direct Admin Costs*)
 - *Only PA Grantees are eligible for Sec. 324 Mgmt costs.*
 - *FEMA will reimburse direct admin costs incurred by grantees & subgrantees that are properly documented & directly chargeable on a PW for a specific project.*
 - *Actual costs must be reasonable for the work performed and accounted for in accordance with 44 CFR 13.22 (Allowable Costs) and 44 CFR 207.6(a) & (c). (a cost cannot be assigned to a PA project as a direct admin cost if similar cost incurred for the same purpose in like circumstances have been allocated to indirect costs.*
 - *Neither grantees or subgrantees are required to seek reimbursement for direct admin cost.*

OTHER RELATED POLICIES

- **DAP 9525.9 – Direct Admin Costs:** (continued)
 - *Direct admin costs include costs than can be tracked, charged, & accounted for directly to a specific project – such as staff time to complete field inspection & preparation of a PW.*
 - *Direct costs are limited to actual reasonable costs incurred for a specific project.*
 - *If a project is completed when the PW is prepared, actual direct admin costs (labor, equipment, or other expenses) will be included in the PW.*
 - *If a project is NOT completed when the PW is prepared, an estimate of direct costs than can be separately identified to the project will be included in the PW. An estimate of direct admin costs, such as labor & equipment costs & other expenses, will be attached to the PW.*
 - *These costs cannot be based on a Percent (%) of project costs.*

OTHER RELATED POLICIES

- **DAP 9525.9 – Direct Admin Costs:** (continued)
 - *Subgrantee: (Following text should be entered into SOW)*
 - *“The subgrantee is requesting direct administrative costs that are directly chargeable to this specific project. Associated eligible work is related to administration of this PA project only and IAW 44 CFR, Part 13.22. These costs are treated consistently and uniformly as direct costs in all Federal awards and other subgrantees activities and are not included in any approved indirect cost rates.”*
 - *The following line item cost code should be entered in the project cost: “9901 – DIRECT ADMINISTRATIVE COSTS (SUBGRANTEE)”*
 - *Final payment of direct administrative costs on large projects will be based on actual costs incurred, IAW 44 CFR 205.205(b)*
 - *Final payment of direct administrative costs on small projects will be paid to the grantee upon approval, IAW 44 CFR 205.205(a)*

OTHER RELATED POLICIES

- **DAP 9527.4 (Construction Codes & Standards)**
 - *Provision C, 3, c. states:*
 - *“FEMA does not recognize codes adopted by private non-profit organizations when determining eligible work. FEMA also does not accept codes adopted by agencies or divisions of State or local governments that are not authorized to set codes or standards applicable to all similar type facilities within the broad governmental jurisdiction of the State or local government, consistent with 44 CFR, Part 206.226(d)(4).”*
 - *Fact Sheet 9580.6, Page 3, Replacing Conductor – states the FEMA recognizes local, state and national codes as appropriate when determining eligible cost to repair or replace damaged electrical facilities. –*
 - *Latest guidance received from FEMA on March 2, 2010, confirms that FEMA Policy 9527.4 is correct that local adopted codes and standards by Co-ops are not recognized for the purposes of eligibility.*

Questions?