Chapter 9: Scoping, Costing, and Final Reviews

Damage and impact information is the foundation of the project because the scope of work (SOW) and cost eligibility are tied to the eligible damage. FEMA and the applicant should work together to reach an agreement on the disaster-related damage description and dimensions (DDD), emergency protective measures, and debris impacts before proceeding with SOW development. FEMA reviews applicant-provided information to develop or validate the SOW and cost estimate for each project, develop PA Hazard Mitigation Proposals (HMPs), and ensure compliance with applicable requirements. The "Public Assistance Program Delivery Guide"[417] provides an overview of these process steps. For cost estimate reviews, FEMA uses the checklist provided in Appendix L: Validation of Applicant-Provided Cost Estimates.

I. Scope of Work Development

The scope of work describes the method of repair of damaged elements. The method of repair refers to the specific approach or technique used to restore, replace, or repair damaged facilities or infrastructure. The scope of work necessary to repair the damage or address the impacts must be completely described and correspond directly to the cause of damage. Descriptions of repair work should be specific to elements of damage and defined in quantifiable (e.g., length, width, depth, and capacity) and descriptive terminology (e.g., brick, wood, asphalt, timber deck bridge).



Examples: Information to Provide for Scope of Work Development

To develop the scope of work, applicants should also provide the following for each site (not an all-inclusive list):

- Percentage of work completed;
- Who performed, or will perform, the work (e.g., force account, contract, mutual aid);
- Proposed or completed scope of work, including PA hazard mitigation measures, and identified consensus-based codes, specifications, and standards requirements; and,
- Technical studies, reports, and assessments.

A. Traditional Tribal Residential and Ceremonial Structures – Inspecting, Scoping, & Estimating

PA has well-established processes for determining damage along with scoping and estimating work to restore infrastructure for a wide range of facility types. These guidelines are often based on national standards and best practices. While the primary focus of PA is on public infrastructure like roads, bridges, schools, and utilities, it has provisions that extend to tribal-owned residential structures and tribal ceremonial buildings. Although PA can fund restoration to tribal-owned residential structures and tribal

[417] For more information, refer to: *Public Assistance Program Delivery Guide*.

ceremonial buildings, there are no PA processes that take into account traditional tribal structures that must be built in a manner consistent with maintaining their cultural, historical, governmental, or ceremonial construct, which can be traditionally made of adobe, mud, earth, clay, rock, and wood.

To address this disparity, FEMA will accept a Tribal Nation's certified damage assessment, scope of work for restoration, and estimated costs for traditional tribal residences or tribal ceremonial buildings. Additionally, PA supports Tribal Nations' ability to build back stronger by identifying available codes and standards applicable for traditional residential structures that Tribal Nations can consider adopting and that can be incorporated into restoration scopes of work in future disasters. Further, cost effective mitigation measures for traditional tribal residential structures and ceremonial buildings will be provided to tribal applicants and recipients to preserve the homes of indigenous people.

II. Cost Development

While FEMA or the recipient may assist the applicant with preparing project applications based on actual or estimated costs, the applicant is ultimately responsible for developing and documenting all costs.

A. Project Thresholds

FEMA establishes a minimum project threshold for each federal fiscal year. If a project application totals less than the minimum threshold, the project is ineligible for FEMA funding.[418] The project application total includes hazard mitigation costs and accounts for insurance proceeds and other reductions to avoid duplication of benefits. The threshold applies to incidents declared within that fiscal year and is based on the Consumer Price Index.[419]

The minimum threshold applies to each project application, not to each damage line item. FEMA does not combine work among several sites into one project application for the sole purpose of reaching the minimum threshold. Additionally, FEMA does not process project applications under the minimum threshold unless the applicant intends to appeal disputed scope of work or costs that would increase the project amount to *at least* the minimum threshold. The minimum threshold does not apply to donated resources or management costs; however, these projects are only eligible when the donated resources or management costs are related to an eligible project that meets the minimum threshold.

FEMA also establishes a dollar threshold[420] each federal fiscal year for the implementation of simplified procedures under Section 422 of the Stafford Act. This threshold defines a project as large or small.[421]

- A large project has costs equal to or greater than the threshold.
- A small project has costs below the threshold.[422]

[418] 44 Code of Federal Regulations (C.F.R.) § 206.202(d)(2).
[419] The project threshold amount is available at: Per Capita Impact Indicator and Project Thresholds | fema.gov.
[420] The project threshold amount is available at: Per Capita Impact and Project Thresholds | fema.gov.
[421] 44 C.F.R. § 206.203(c).
[422] Stafford Act § 422; 42 United States Code (U.S.C.) § 5189; 44 C.F.R. § 206.203(c).

FEMA administers funding for large and small projects differently. For large projects that are not capped, FEMA adjusts any estimated costs to the actual incurred amount so that the final approved funding is based on actual costs.[423] For small projects, FEMA does not adjust estimated costs to the actual incurred amount.[424] FEMA determines whether a project is large or small based on the final approved amount of eligible costs after any cost adjustments, including insurance reductions.

B. Expedited Projects for Emergency Work

FEMA may provide expedited funding for emergency work projects (category A or B) that meet or exceed the large project threshold. FEMA funds expedited projects at 50 percent of the federal share of the estimated project cost. Requests for expedited projects must be submitted to FEMA within 60 days of an applicant's recovery scoping meeting. To support its request, an applicant must provide enough information for FEMA to validate that the work and costs are eligible. FEMA will work to obligate funding within 90 days of receipt of the request.

FEMA's obligation of an expedited project is not an authorization for a recipient to advance funds without the documentation to support the drawn funds. Expedited advance payments are limited to the "minimum amounts needed" and for payments to be timed based on the "actual, immediate cash requirements" to perform the eligible work.

For the development and obligation of an expedited project, an applicant needs to provide the following, broken down by the applicant's monthly (or bi-weekly) operational periods:

- A detailed description of the work and documentation to substantiate that the work is eligible, including:
  - Description of immediate threat;
  - Detailed description of work activities performed or plans to perform;
  - Work locations; and,
  - For debris: estimated quantities by type of debris.
- The total estimated cost must be reasonable, supported by documentation and include the following:
  - Itemized cost estimate with basis for estimate (e.g., actual costs, historical unit costs, average costs for similar work in the area, or contractor or vendor quotes including pre-qualified contracts);
  - Insurance policies;
  - Labor including mutual aid:
    - Budgeted employees: Total regular and overtime hours with average rate for each type of employee;
    - Unbudgeted employees: Total regular and overtime hours with average rate for each type of employee;
    - Mutual aid: Total regular and overtime hours with average rate for each type of employee (e.g., mutual aid, National Guard, or prison labor); and,

[423] 44 C.F.R. § 206.205(b).
[424] 44 C.F.R. § 206.205(a); Stafford Act § 422; 42 U.S.C. § 5121.

        - Mutual aid agreement, memorandum of understanding or other written agreement.
    - Equipment:
        - Applicants own equipment: Equipment type, usage, and rate for each type of equipment;
        - Purchased equipment: Equipment type and cost; and,
        - Rented or leased equipment: Equipment type and rate for each type of equipment.
    - Supplies:
        - Purchased: Type, quantity, and cost for each type; and,
        - From stock: Type, quantity, and cost for each type;
    - For contract work:
        - Documentation to support the estimate (e.g., request for proposal(s), bid documents, or contracts including pre-qualified contracts).
- Debris monitoring information; and,
- Other emergency work costs:
    - Travel: Number of individuals, purpose, duration, and average rate;
    - Meals: Number of individuals, purpose, duration, and average rate; and,
    - Miscellaneous: Quantity, purpose, duration, and average rate.

If category A or B has an increased federal cost share for a limited timeframe, applicants need to separate work anticipated to be completed within the increased cost share timeframe from that to be completed after the increased cost share period (see Increased Federal Cost Share for a Limited Timeframe in Chapter 6).

FEMA estimates the cost of the work based on cost information provided by applicants. If an applicant does not provide sufficient cost information, FEMA may use average historical pricing. For contracted work, FEMA uses the unit cost from the contract if it determines the costs are reasonable; however, this is only for the purpose of expediting funding based on an estimate. FEMA reviews the applicant's procurement and contracting for compliance and addresses any noncompliance prior to or at final reconciliation and closeout of the project.

FEMA provides the federal cost share for the remaining 50 percent of the project cost once an applicant provides all documentation required to support the estimated project cost for a non-expedited project.

C. Costs for Projects with All Work Completed

For projects with all work complete, FEMA works with applicants to:

- Verify and collect programmatic, insurance, and hazard mitigation information;
- Ensure Environmental and Historic Preservation (EHP) grant conditions are met;
- Ensure communities are not negatively impacted by the work completed;
- Verify information and documentation requirements; and,
- Address contextual information needed for supporting the applicant's claim for completed work.

When work for a large project is 100 percent complete, FEMA will provide funding based on actual costs. FEMA reviews the documentation submitted by the applicant and will make its eligibility determination based on the documentation received. FEMA will deny assistance for costs that are not supported by documentation. If actual cost documentation is not readily available and the applicant has provided sufficient documentation to define the scope of work completed, FEMA will provide funding for completed work based on a cost estimate.

There may be cases where, during review of the documentation submitted, FEMA determines additional information or explanation is required. In these instances, FEMA may generate a request for information (RFI) specifying a deadline for response. After a time determined appropriate by the Regional Administrator or Federal Coordinating Officer, a determination memorandum (DM) will be issued if documentation is not provided to fully support eligibility. For more information about the process, see Appeal Rights and Requirements in Chapter 2.

For small projects, FEMA may accept certification in lieu of documentation to support costs claimed and may process the project(s) based on estimated costs even if all work is completed if the applicant has provided sufficient documentation to define the completed scope of work.[425]

However, with exception of the scenarios listed under Small Projects in Chapter 12, small project estimates are not subsequently adjusted to reflect actual costs. Applicants must still retain documentation to request a net small project overrun appeal.

D. Estimating Emergency Work Projects with Work to be Completed

With the exception of debris removal and emergency repair projects, emergency work is often difficult to estimate due to the type of work conducted. Unlike permanent work, where a detailed scope of work is usually determined and estimated based on the damage, the detailed scope of work to address emergency response activities is often unknown and therefore difficult to estimate in advance. Additionally, emergency response activities generally do not have established unit pricing and other variables, which can impact pricing. If an applicant provides sufficient information, FEMA may process emergency work projects based on estimates.

E. Estimating Permanent Work Projects with Work to be Completed

When work is not yet complete, FEMA determines the amount of PA funding based on the estimated cost to restore the damaged facility to its pre-disaster design and function, including eligible codes and standards. The amount may include a reasonable amount of anticipated soft costs but does not include costs that are only related to, or only triggered by, changes to the pre-disaster design or function of the damaged facility. These include, but are not limited to, costs related to.

- Engineering and design;
- EHP compliance; and,

[425] Stafford Act § 422; 42 U.S.C. § 5189; 44 C.F.R. § 206.205(a).

- Work required by codes or standards identified by the applicant and verified by FEMA.

If FEMA develops the scope of work, it will also develop the associated cost estimate.

1. PROJECTS REQUIRING ENGINEERING ANALYSIS

Some projects may require an engineering analysis to determine the method of repair. In these cases, FEMA will provide PA funding for engineering and design services if requested by an applicant.

2. APPLICANT ESTIMATES

FEMA accepts an applicant-submitted cost estimate if the estimate:

- Is prepared by a licensed professional engineer or other estimating professional, such as a licensed architect or certified professional cost estimator who certifies that the estimate was prepared in accordance with industry standards;
- Includes certification that the estimated cost directly corresponds to the repair of the agreed upon damage;
- Is based on unit costs for each component of the scope of work and not a lump sum amount;
- Contains a level of detail sufficient for FEMA to validate that all components correspond with the agreed-upon scope of work;
- Is based on the current phase of design or construction inclusive of any known costs;
- Includes actual costs for work completed at the time the cost estimate is developed; and,
- Is reasonable.

Any foreseeable contingency costs such as security, staging, etc. should be included in an applicant-submitted cost estimate. FEMA evaluates applicant-submitted estimates for reasonableness based on the criteria under Reasonable Costs in Chapter 6.

3. FEMA ESTIMATES

When FEMA develops cost estimates for sites with permanent work that are less than 90 percent complete and total costs are expected to meet or exceed the large project threshold, FEMA uses the Cost Estimating Format (CEF) in accordance with the "CEF Instructional Guide."[426] The "CEF Instructional Guide" defines various factors and the range of percentage values that FEMA may apply to projects. In rare cases, a factor may need to be reviewed or adjusted. FEMA Headquarters has access to technical assistance to review the appropriate ranges for factors. Only FEMA Headquarters has the authority to approve the use of factors that exceed the CEF specified range or approve additional factors. However, for capped projects (improved and alternate projects), FEMA only includes the CEF contingency factor "Applicant Reserve for Change Orders" and does not include any additional factors or risk premiums.

4. INSURANCE REDUCTIONS

FEMA reduces the estimate to account for insurance coverage based on:

- Actual insurance proceeds, if known; or

[426] For more information, refer to: Cost for Large Projects Instructional Guide, Version 2.1 | fema.gov.

- Anticipated insurance proceeds based on the applicant's insurance policy if the amount of actual proceeds is unknown.

III. Compliance Reviews

FEMA conducts a series of reviews to ensure program compliance. FEMA reviews projects for quality assurance, insurance requirements, PA hazard mitigation eligibility, and EHP compliance.

IV. Obligation

FEMA obligates funding to recipients and transitions recovery roles and responsibilities.

A. Obtaining Funds

FEMA obligates the federal share of the eligible project cost to a recipient.[427] Once obligated, the project constitutes the official record of the approved scope of work. FEMA's authority to provide funding for small projects as one lump sum based on an estimate does not require recipients to obligate funding in the same manner. Recipients must expend and account for the federal award in accordance with its laws and procedures for expending and accounting for the state, Tribal Nation, or territory's own funds.[428]

B. Strategic Funds Management

Strategic funds management is FEMA's process for obligating PA funding based on an applicant's schedule to execute the work. If a permanent work project is greater than $1 million and the applicant does not need funds for more than 180 days from the time the project is ready for obligation, FEMA obligates funds based on the project completion schedule. FEMA's Strategic Funds Management Instruction (FEMA SOP 9570.24) addresses this obligation process in detail.[429]

The recipient is responsible for notifying the applicant that funds are available[430] and for distributing the funds to the appropriate subrecipient.[431] Funds that FEMA has obligated are available to recipients to pass through to the appropriate subrecipient.[432]

[427] 44 C.F.R. § 206.202(e).
[428] 2 C.F.R. § 200.302.
[429] For more information, refer to: *Strategic Funds Management Instruction (FEMA SOP 9570.24)*.
[430] 44 C.F.R. § 206.200(b)(2)(i).
[431] 44 C.F.R. § 206.202(a).
[432] 44 C.F.R. § 206.200(b)(2)(ii).