

# New Mexico Hazard Mitigation Administrative Plan



New Mexico Department of  
Homeland Security and Emergency Management

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Attachments – **SUBJECT TO UPDATES**

1. Sub-grant Orientation Packet
2. Notice of Interest
3. Quarterly Report
4. Sub-grant Modification Request
5. Budget and Scope of Work Modification Checklist
6. Phase I Deliverables Checklist
7. Quick Guide to Procurement
8. Mitigation Program Procurement Review Checklist
9. DHSEM Invoice
10. Sub-grant Close Out Checklist
11. Sub-grant Certification of Completion and Grant Adjustment Notice

## **AUTHORIZATION**

In compliance with 2 CFR Part 200, 2 CFR Part 3002 and 44 CFR Part 206.437(b)(4)(xi), this edition of the New Mexico Hazard Mitigation Program Administrative Plan is hereby approved for use within the state of New Mexico for all purposes related to obtaining and disbursing Hazard Mitigation Grant Program (HMGP), Hazard Mitigation Grant Program – Post Fire (HMGP-PF), Pre-Disaster Mitigation Program (PDM), Building Resilient Infrastructure and Communities (BRIC), and Flood Mitigation Assistance (FMA) funds awarded by the Federal Emergency Management Agency (FEMA) to the state of New Mexico.

This plan is required by 44 CFR Part 206.437.d. and applies to all open mitigation disasters, grants and sub-grants. Any future grants and sub-grants will also follow the policies and processes described herein.

<b>Hazard Mitigation Grant Program</b>	<b>Hazard Mitigation Grant Program – Post Fire</b>	<b>Pre-disaster Mitigation</b>	<b>Building Resilient Infrastructure and Communities</b>
DR-4047	FM-5184	2012	2020
DR-4079	FM-5281	2014	2021
DR-4148	FM-5386	2016	
DR-4152		2017	
DR-4197		2018	
DR-4199		2019	

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Bianca Ortiz Wertheim  
Governor's Authorized Representative  
Cabinet Secretary  
Department of Homeland Security and Emergency Management

Date

## **PURPOSE**

Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288 as amended, and the Disaster Mitigation Act of 2000, Public Law 106-390, establishes a cost-sharing Hazard Mitigation Grant Program (HMGP) used to fund state and local hazard mitigation projects. This section is closely tied to the post-disaster mitigation plans defined and required in Section 404 of the Act and is implemented following a Presidential declaration of a major disaster. Section 322 and 404 in combination with other state and federal programs help to form an overall pre and post disaster hazard mitigation strategy for the state of New Mexico and affected Tribal and local governments in the state. The purpose of the state Hazard Mitigation Administrative Plan is to establish a functional organizational structure, define the roles, responsibilities and staffing, and outline the management procedures that Department of Homeland Security and Emergency Management (DHSEM) will use to administer the Mitigation Program, to include HMGP, PDM , BRIC, and FMA. The state of New Mexico will comply with all applicable federal statutes and regulations in effect with respect to the periods for which it received grant funding, in compliance with 44 CFR and will amend this plan whenever necessary to reflect changes in new or revised state or federal laws and statutes as required in 44 CFR and 2 CFR, as amended.

The state of New Mexico will further amend this plan whenever necessary to reflect material change in any state or federal law, organization, policy or state agency operation. The state of New Mexico will prepare any updates, amendments or plan revisions required to meet current policy guidance or changes in the administration of the Hazard Mitigation Program. The state of New Mexico will revise the plan as necessary following each major disaster declaration. Any changes to the plan will be submitted to the FEMA Region VI Regional Administrator for approval.

The state of New Mexico understands that Hazard Mitigation Grant Program funds will not be awarded until the FEMA Regional Administrator approves the state Hazard Mitigation Administrative Plan.

The State Hazard Mitigation Officer (SHMO), acting under the oversight of the Cabinet Secretary for the Department of Homeland Security and Emergency Management (DHSEM) and the Governor's Authorized Representative (GAR), reserves the right to correct errors and omissions in this plan. Every reasonable attempt has been made to make this plan compliant with federal policies, procedures, and requirements. If any situation should arise where there is an apparent conflict between state procedures and federal requirements for the administration of federal funds, the federal requirements shall take precedence.

The most recent version of the FEMA approved New Mexico Hazard Mitigation Administrative Plan has been incorporated as Attachment 2 within the New Mexico Emergency Operation Plan dated December 2019.

## **AUTHORITY**

The Department of Homeland Security and Emergency Management (DHSEM) is designated to administer Section 404 of the Stafford Act as defined in this administrative plan. DHSEM will serve as single point of contact (POC), applicant and recipient for all FEMA mitigation programs. The State Hazard Mitigation Officer (SHMO) identifies viable projects and tracks when and how projects are being implemented, as well as how their funding is being used. The Administrative Services Bureau Chief and the Grant Unit Manager ensure compliance with federal, state, and grant rules and regulations. The Preparedness Bureau Chief oversees the process and, if there is a problem or conflict with a project, acts as mediator to resolve the problem quickly and efficiently.

The Mitigation Unit has working knowledge of the National Floodplain Insurance Program (NFIP) goals, requirements, and processes and ensures that programs are coordinated with other mitigation activities at the state level.

DHSEM will:

- provide technical assistance and training to eligible entities on mitigation planning and projects and assist in the development of sub-grant applications;
- prioritize and recommend sub-grant applications to be approved by FEMA, based on eligibility criteria described in the State Hazard Mitigation Plan and Hazard Mitigation Administrative Plan;
- award FEMA-approved sub-grants;
- comply with program requirements, grant management requirements, grant agreement articles, and applicable federal, state, tribal and local laws and regulations per 44 CFR 206.437(b)(1).

## **APPLICABLE REGULATIONS AND LAWS**

### ***State***

- The All-Hazards Emergency Management Act, Section 12-10-2 et seq., NMSA 1978 as amended
- The Disaster Relief Act, Section 6-7-1 et seq., NMSA 1978 as amended
- The Public Purchases and Property Act, Section 13-1-1 et seq., NMSA 1978 as amended
- New Mexico Emergency Operations Plan, 2014 as amended
- FEMA-State Agreement (disaster specific)

## ***Federal***

- Disaster Recovery Reform Act of 2018 (DRRA) as part of the Federal Aviation Administration Reauthorization Act of 2018 as amended by Public Law 115-254
- Sandy Recovery Improvement Act of 2013, as amended by Public Law 93-288
- The Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended by Public Law 100-707
- Post-Katrina Emergency Management Reform Act of 2006 (PKEMRA) as amended by Public Law 109-295.
- Robert T. Stafford Relief and Emergency Assistance Act, as amended by Public Law 106-390 (Disaster Mitigation Act (DMA) of 2000), October 30, 2000
- Public Law 100-707, as amended by Public Law 103-181 (Hazard Mitigation and Relocation Assistance Act)
- Public Law 103-324 (Riegle Community Development and Regulatory Improvement Act of 1994)
- 44 CFR Part 9 – Floodplain Management and Protection of Wetlands
- 44 CFR Part 10 – Environmental Considerations
- 44 CFR Part 13 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- 44 CFR Part 201 – Mitigation Planning
- 44 CFR Part 206 - Federal Disaster Assistance for Disasters Declared on or After November 23, 1988
- 2 CFR part 25, universal identifier and central contractor registration
- 2 CFR part 170, reporting sub-award and executive compensation information
- 2 CFR Part 200 – Uniform Administrative Requirements, cost principles, and audit requirements for federal awards
- 2 CFR 200.300(b) Statutory and national policy requirements
- 2 CFR part 3002
- Executive Order 11988, Floodplain Management
- Executive Order 11990, Protection of Wetlands
- Executive Order 12612, Federalism
- Executive Order 12898, Environmental Justice
- Executive Order 13690, Federal Flood Risk Management
- Provisions of FFATA (Federal Funding and Transparency Act)
- Section 6002 of the Solid Waste Disposal Act
- The Federal Award itself

## **DEFINITIONS AND ACRONYMS**

**Administrative Services Bureau (ASB):** Responsible for the oversight of grants awarded, the compliance and financial integrity of Federal and State audits, and the financial management of the Agency.

**Applicant:** State or Indian tribal government as defined in 44 CFR § 206.431 submitting an application for Hazard Mitigation Assistance.

**Application (HMGP Grant Application):** The initial request for Section 404 funding, to be submitted to FEMA by the state within 60 days of the declaration. In OEM's initial request, mitigation is included with the request for a declaration. (44 CFR§ 206.436)

**Award:** Financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the federal government to an eligible recipient. The term does not include: technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and contracts which are required to be entered into and administered under federal procurement laws and regulations.

**Benefit/Cost Analysis:** Provides estimates of the "benefits" and "costs" of a proposed hazard mitigation project. The benefits relate to avoided future damages and losses which are expected to accrue as a result of the mitigation project. Past disaster damages can be used to predict future damages. Costs relate to what the actual project will cost. For mitigation projects, there must be a one dollar or more benefit for each dollar of cost. The latest version of cost benefit analysis models for the various types of projects will be referenced and used as part of all FEMA mitigation applications.

**Best Management Practices:** Appropriate, site-specific management techniques that maximize the benefits of land and natural resource management actions, while minimizing impacts.

**Building Resilient Infrastructure and Communities (BRIC):** The program authorized by Section 1234 of the Disaster Recovery Reform Act of 2018 (DRRA).

**Cap:** The maximum dollar amount that may be provided to a Recipient for management cost funds for a single declaration pursuant to 44 CFR § 207.5(c).

**Capital Outlay Funds:** Funds used to build, improve or equip physical property that will be used by the public. In New Mexico, state capital outlay is authorized by the Legislature and generally is nonrecurring money.

**Close out and Liquidation Period (CLP):** The deadline by which all funds associated with the grant or sub-grant must be liquidated. Payments cannot be issued after the close of the CLP.

**Code of Federal Regulations (CFR):** Codification of the general and permanent rules published in the Federal Register by the departments and agencies of the Federal Government.



**Data Universal Numbering System (DUNS):** The Dun & Bradstreet Data Universal Numbering System Number is a unique nine-digit identifier for businesses used to maintain up-to-date and timely information on more than 330 million global businesses. The DUNS Number enables identification of relationships between corporate entities (hierarchies and linkages), a key element of Live Business Identity and commercial risk assessment practices.

**Department of Finance and Administration (DFA):** provides sound fiscal advice and problem solving support to the Governor, provides budget direction and fiscal oversight to state agencies and local governments.

**Department of Homeland Security and Emergency Management (DHSEM):** Leads the state of New Mexico's response to emergencies and disasters while providing for the safety and welfare of its citizens.

**Disaster Recovery Reform Act of 2018 (DRRA):** enacted on October 5, 2018, the DRRA is the most comprehensive reform of FEMA's disaster assistance programs since the passage of the Sandy Recovery Improvement Act of 2013 and the Post-Katrina Emergency Management Reform Act of 2006.

**Disaster Resistant University (DRU):** The term relating to Natural Hazard Mitigation Plans for Universities entitling them to request appropriate funding. To date, no New Mexico Universities or schools participate.

**Duplication of Benefits (DOB):** Federal assistance cannot duplicate the benefits provided by other sources. Consequently, if an entity has already received assistance for the same purpose, the subsequent program must ensure that additional assistance is not provided to cover the same loss or cost.

**Duplication of Programs (DOP):** The doctrine of duplication of programs (DOP) prohibits FEMA, or any Federal agency, from using its assistance to fund projects or programs if funding for similar activities is available under a more specific Federal authority.

**Emergency Management Assistance Compact (EMAC):** A mutual aid agreement between states and territories of the United States. It enables states to share resources during natural and man-made disasters, including terrorism.

**Entity:** An eligible sub-applicant for Hazard Mitigation Assistance funding. This includes local governments, quasi-governmental agencies, state agencies, independent subdivisions of state government, non-profit organizations, universities, acequias, tribes, pueblos, or nations.

**Federal Coordinating Officer (FCO):** Appointed by the Director of the Federal Emergency Management Agency, on behalf of the President, to coordinate federal assistance to a state affected by a disaster or emergency. The source and level of the federal coordinating officer will likely depend on the nature of the federal response.

**Federal Emergency Management Agency (FEMA):** An agency of the United States Department of Homeland Security, initially created by Presidential Reorganization Plan No. 3 of 1978 and implemented by two Executive Orders on April 1, 1979.

**FEMA Integration Team Member (FIT):** FEMA employees co-located within the office of participating partners to enhance intergovernmental coordination. They are intended to provide a continuous and coordinated FEMA presence, bolster connections, cooperation, and communication, increase the amount, speed, and quality of targeted technical assistance, and address gaps, barriers, and delays in a more personal manner.

**Federal Financial Report (FFR):** The FFR is used to submit financial information about individual grant awards.

**Federal Fiscal Year (FFY):** The fiscal year is the accounting period for the federal government which begins on October 1 and ends on September 30. The fiscal year is designated by the calendar year in which it ends; for example, fiscal year 2020 began on October 1, 2019 and ended September 30, 2020.

**Flood Mitigation Assistance (FMA):** Is a competitive grant program that provides funding to states, local communities, federally recognized tribes and territories that can be used for projects that reduce or eliminate the risk of repetitive flood damage to buildings insured by the National Flood Insurance Program.

**Fire Management Assistance Grant (FMAG):** Is a FEMA grant program specifically used as reimbursement for fire suppression activities, prepositioning activities, emergency services due to the fire, and temporary repair of damaged facilities caused by fire suppression.

**Governor's Authorized Representative (GAR):** Individual designated by the Governor in the federal/state agreement to represent the state in activities related to the implementation of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 93-288, as amended), and in ongoing state disaster or emergency preparedness, response and hazard mitigation activities pursuant to a Presidential major disaster declaration. In New Mexico the Governor has designated the Cabinet Secretary of DHSEM as the Governor's authorized (designated) representative.

**Grant:** An award of financial assistance.

**Grantee:** An entity to which a grant is awarded and which is accountable for use of the funds provided. Under the Hazard Mitigation Assistance grant programs, the state of New Mexico Department of Homeland Security and Emergency Management is the Grantee, except as indicated in 44 CFR § 206.436(g). - federally recognized Indian tribes or nations may also apply direct to FEMA as grantees.

**Grantor:** Under the Hazard Mitigation Assistance grant programs FEMA is the grantor. The federal government defines a grantor as the user registered on behalf of their federal grant-making agency to post funding opportunities or manage submissions to these funding opportunities.

**HMGP Lock-in Ceiling:** The level of HMGP funding available to a Recipient for a particular disaster declaration.

**Hazard Mitigation Grant Program (HMGP):** The program authorized under Section 404 of the Robert T Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5133.

**Hazard Mitigation Grant Program - Post Fire (HMGP-PF):** Section 20602 of the Bipartisan Budget Act of 2018 authorized FEMA to provide HMGP funds once a Fire Management Assistance Grant was awarded.

**Hazard Mitigation Plan (HMP):** The process in which state, tribal, and local governments identify natural disaster risks and vulnerabilities that are common in their area and develop long-term strategies for protecting people and property from similar events. The latest version of the New Mexico State Hazard Mitigation Plan received FEMA approval on September 13, 2018 and will be updated every 5 years per HMA requirement.

**Indian Tribal Government:** Any federally recognized Indian tribe or nation, (Federal Recognized Tribe List Act of 1994, 25 U.S.C. 479a.)(44 CFR 207.2)

**Indirect Costs:** Costs that are incurred by a Recipient for a common or joint purpose benefiting more than one cost objective that are not readily assignable to the cost objectives specifically benefited.

**Joint Field Office (JFO):** A temporary field headquarters for FEMA and DHSEM recovery personnel created under a Presidential declaration to establish a coordination point for post- disaster recovery operations.

**Lock-in:** The amount of management cost funds available to a Recipient for PA or HMGP, respectively for a particular major disaster or emergency, as FEMA determines at 30 days, 6 months, and 12 months or upon calculation of the final HMGP lock-in ceiling.

**Management Costs:** Any indirect costs, administrative expenses, and any other expenses not directly chargeable to a specific project that are reasonably incurred by a Recipient or sub-recipient in administering and managing an HMGP or BRIC grant award. For HMGP, management cost funding is provided outside of federal assistance limits defined under 44CFR §206.432(b).

**Market Value:** Generally defined as the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the valuation, after a reasonable exposure time on the open competitive market from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, give due consideration to all available economic uses of the property at the time of the valuation.

**Mitigation Unit:** The unit with the DHSEM Preparedness Bureau responsible for the implementation of the New Mexico Hazard Mitigation Program. This Unit reports to and includes the State Hazard Mitigation Officer.

**Multi-family:** A property consisting of 5 or more residences.

**National Environmental Policy Act (NEPA):** PL 91-190, 42 U.S.C., Title I. Passed by Congress in 1970 and established a national policy for the protection and maintenance of the environment by providing a process which all federal agencies must follow. The Act requires that federal agencies consider the effects of their proposed actions and alternatives on the human environment before deciding to fund and implement the action.

**National Flood Insurance Program (NFIP):** a federal program, managed by the Federal Emergency Management Administration (FEMA), and has three components: to provide flood insurance, to improve floodplain management and to develop maps of flood hazard zones.

**Pass-Through Entity:** A non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

**Payment Management System (PMS):** a tool to help grant recipients draw down funds and file the Federal Financial Report.

**Period of Availability (POA):** The period of time during which the Grantee or sub-grantee is allowed to incur and expend management costs associated with the administration of the grant or sub-grant.

**Period of Performance (POP):** The period of time during which the Grantee or sub-grantee is expected to complete the grant activities and to incur and expend approved funds.

**Point of Contact (POC):** Individual acting as a representative and primary contact person for their entity in daily dealings on a given topic.

**Pre-Disaster Mitigation Program (PDM):** The program authorized under section 203 of the Robert T Stafford Disaster Relief and Emergency Assistance Act. As a result of amendments by the Disaster Relief and Recovery Act of 2018, the Pre-Disaster Mitigation program has been replaced with the new Building Resilient Infrastructure and Communities (BRIC) program.

**Private Non-profit (PNP):** An organization which has an IRS tax exemption letter or a state PNP certification, and which owns or operates an educational, utility, emergency, medical, custodial care, or an essential governmental service facility.

**Program Administration by States (PAS):** a program that was established as a result of Superstorm Sandy to create a more streamlined grant approval process allowing communities to get the hazard mitigation funds they need faster.

**Project:** Any mitigation measure, project, or action proposed to reduce risk of future damage, hardship, loss or suffering from disasters. The terms "project," "measure," or "action" are used interchangeably for the purpose of this Administrative Plan. A logical grouping of work required as a result of a disaster or emergency.

**Recipient:** A non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include subrecipients. See also 2 CFR § 200.69 Non-Federal entity in the OMB Uniform Grants Guidance.

**Repetitive Loss Property:** A structure covered by a contract for flood insurance made available under the NFIP that:

- 1) Has incurred flood-related damage on 2 occasions, in which the cost of the repair, on the average, equaled or exceeded 25% of the market value of the structure at the time of each such flood event; and
- 2) At the time of the second incidence of flood-related damage, the contract for flood insurance contains increased cost of compliance coverage.

**Request for Public Assistance:** Forms used by applicants to apply for public assistance.

**Section 404 Projects:** Projects proposed by eligible applicants to the State Hazard Mitigation Officer for implementation following a Presidential Major Disaster Declaration.

**Section 406 Projects:** Projects that could be integrated into the Public Assistance Program through the Project Worksheet (PW). Certain projects could be classified as "406 mitigation initiatives" when completing the PW related to Public Assistance (PA) or during the Preliminary Damage Assessment (PDA) process. These types of projects should be discussed by the PA Inspector(s), both federal and state, with respective jurisdictional representative(s), while at the damaged site in question. These projects will also be discussed at the DFO (Disaster Field Office) between the FCO (Federal Coordinating Officer) and the SCO (State Coordinating Officer) to insure that those mitigation opportunities are incorporated into the PA process.

**Severe Repetitive Loss Properties:** A structure that:

- 1) Is covered under a contract for flood insurance made available under the NFIP; and
- 2) Has incurred flood related damage –
  - a) For which 4 or more separate claims payments (includes building and contents) have been made under flood insurance coverage with the amount of each such claim exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; or
  - b) For which at least 2 separate claims payments (includes building only) have been made under such coverage, with the cumulative amount of such claims exceeding the market value of the insured structure.

**SHARE-HMC:** New Mexico State Personnel Office's Statewide Human Resources Accounting and Reporting system by Oracle. Human Capital Management (HMC) is the program designed for timekeeping and payroll.

**Single Audit Act:** A federal law (Public Law 98-502), as amended in 1996 which requires a federal grant recipient, which expends during its fiscal year an amount of federal awards (regardless of source) which meets or exceeds a federally specified amount, to perform a specialized (single) audit.

**Small Project:** Under Public Assistance, a segregation of a logical grouping of work (Project) by estimated or documented actual costs which fall below a specified monetary threshold established by the Federal Government at the beginning of each federal fiscal year.

**Special Considerations:** Issues that involve insurance, floodplain management, hazard mitigation, historic preservation and environmental reviews as they relate to Public Assistance Program funding.

**State Coordinating Officer (SCO):** The Governor appoints a State Coordinating Officer (SCO) to oversee state response and recovery efforts.

**State Hazard Mitigation Officer (SHMO):** The individual designated by the Governor's Authorized Representative as the responsible individual for all matters related to the Section 404 Hazard Mitigation Grant Program, and the Section 409 Hazard Mitigation Planning Program.

**State Hazard Mitigation Program:** An ongoing program involving a coordinated effort of state and local agencies, communities, businesses and the private sector to reduce the threat to people and property from natural hazards. During and following periods of Presidential declared major disasters, this program or approach is the compilation of activities required under Section 404 and 409 of the Stafford Act.

**State Mitigation Representative:** The Mitigation Program staff may include the Preparedness Bureau Chief, State Hazard Mitigation Officer, State Mitigation Specialists, State Floodplain Coordinator, Temporary Mitigation Specialists (state temporary hire and/or contractor hire) or other states through employment of the Emergency Management Assistance Compact. With authorization from the SHMO, any of these staff may provide technical assistance to potential applicants and applicants.

**State Share:** The state of New Mexico share of disaster assistance for a particular project as defined within the FEMA – State Agreement. To date, no state funding has been made available for HMGP, FMA or PDM projects.

**Sub-applicant:** An entity submitting an application for planning or project activities to the applicant for Hazard Mitigation Assistance. Upon grant and sub-grant award, the sub-applicant is referred to as the sub-grantee or subrecipient.

**Subaward:** An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract. DHSEM provides these subawards via the sub-grant agreement.

**Sub-grant:** An award of financial assistance under a grant for a specific and documented purpose to an eligible subrecipient.

**Sub-grantee:** The entity to which a sub-grant is awarded and which is accountable to the Recipient for the use of the funds provided.

**Subrecipient:** A non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program.

**Subrecipient Management Costs (SRMC):** provides incentives to encourage recipients and subrecipients to practice efficient grants management to complete HMA activities in a timely manner.

**System for Award Management (SAM):** a Federal Government owned and operated free website that consolidates the capabilities in CCR/FedReg, ORCA, and EPLS.

**Unmet Needs Projects:** Special projects requiring services of non-governmental agencies to assist the general public generally accomplished through the New Mexico Volunteer Organizations Active in Disasters (VOAD) organization, often mitigating additional damages following a disaster. Projects may include but are not limited to: putting tarps over damaged roofs, cutting trees downed by the storm and other services often needed by service personnel families, elderly, and handicapped individuals.

**Volunteer Organizations Active in Disasters (VOAD):** A coalition of the major national voluntary organizations in the United States that have made disaster-related work a priority.

**Western States Seismic Policy Council (WSSPC):** is the primary regional organization representing the western states, Pacific provinces, and territories supporting policies of the earthquake and tsunami programs that will reduce losses from earthquakes and their effects.

Other definitions applicable to the Hazard Mitigation Program are found in 44 CFR, Part 206.401, and the New Mexico Natural Hazard Mitigation Plan.

## **ORGANIZATION AND STAFFING**

The primary pre-disaster staffing for the Hazard Mitigation Program will be from DHSEM and includes:

- A. Preparedness Bureau Chief
- B. Mitigation Unit
- C. State Hazard Mitigation Officer
- D. Mitigation Specialists
- E. State Floodplain Coordinator
- F. Administrative Services Bureau Chief
- G. Grants Unit Manager
- H. Mitigation Sub-grant Analyst

Post disaster HMGP staff will include DHSEM staff, augmented as workload demands, with:

- A. Other DHSEM employees
- B. Other state/federal agencies
- C. Temporary Mitigation Specialists (state temporary hire and/or contractor hire)
- D. Other states through employment of the Emergency Management Assistance Compact (EMAC) may be requested to assist in various aspects of project management.

If the size of the disaster or the number of mitigation projects is beyond the effective capability of the assigned mitigation staff, other DHSEM personnel may be called upon to assist the mitigation section. Another source of mitigation staff support is use of the Emergency Management Assistance Compact (EMAC). Staffing requirements will vary depending upon the number of ongoing projects, open disasters and FEMA requirements.

All temporary staff requirements and terms of employment will be reviewed annually, extended and/or terminated based on actual Hazard Mitigation Program administrative needs.

In accordance with 44 CFR Part 206, Subpart N, paragraph 206.439(b) (2):

- 1) The GAR will, within 5 days of opening the Joint Field Office (JFO), submit to the FEMA Regional Administrator, a JFO staffing plan and budget.
- 2) State Management Costs will be identified and submitted to FEMA and could include the staff or consultant time for application development, engineering/appraisal review costs, and additional staff to manage the HMGP process (e.g. reservists and temporary Hazard Mitigation Specialists). Management costs may also include necessary training, travel and materials associated with administering the HMGP.
- 3) The State Coordinating Officer and the Preparedness Bureau Chief have the broad flexibility to utilize DHSEM staff in any way which is functionally advisable depending upon need.



## **MITIGATION UNIT**

The Mitigation Unit manages all programmatic aspects of the New Mexico Natural Hazard Mitigation Program and is located within the Preparedness Bureau. Mitigation Specialists and the State Floodplain Coordinator are report to the State Hazard Mitigation Officer. The SHMO reports to the Preparedness Bureau Chief.

### ***STATE HAZARD MITIGATION OFFICER (SHMO)***

The SHMO is designated by the Governor's Authorized Representative to coordinate activities and serve as the responsible individual for project management, administration of funds and all matters related to HMA grant programs to include HMGP, PDM, BRIC and FMA. The SHMO has overall management responsibilities and is the state's official responsible for ensuring the state properly carries out its Section 404 responsibilities subsequent to a Presidential Disaster Declaration. The SHMO will:

- Review and update the programmatically relevant sections of this Administrative Plan following material changes in any state law, organization, policy, or state agency operation, or changes in federal statutes, and/or legislation, or as a result of FEMA policy changes;
- Ensure the State Natural Hazard Mitigation Plan is active, updated regularly, identifies potential hazard mitigation projects, and establishes priorities among those projects;
- Encourage participation of appropriate federal and state agencies in the State Hazard Mitigation Plan update process and included as Planning Team Members;
- Encourage participation of the appropriate local agencies and provide technical assistance in the administration and implementation of section 404 programs;
- Ensure that section 404 requirements are met and closely tied to administration of section 404 grant program;
- Coordinate with the GAR on all policy/regulatory issues. Review and make appropriate recommendation to GAR regarding appeals, cost overruns/under runs, and all other program issues;
- Serves as the GAR's representative when needed in various state and national capacities including on the Western States Seismic Policy Council (WSSPC) and NM Drought Monitoring Task Force.
- Identify funding priorities for projects, forecast funding needs for future months and revise projections as requested by FEMA for the spend plan. The spend plan is coordinated between the SHMO and the FEMA Mitigation Program POC;
- Oversee the State Floodplain Coordinator and assist in the administration of the CAP-SSSE program as needed.
- Ensure potential applicants are notified of the program and receive assistance to which they are entitled;
- Ensure a proper initial application and any necessary supplemental material are submitted timely to the FEMA Region VI identified Point of Contact;

- Coordinate with ASB Grant Unit Manager to ensure required grant related application material are submitted timely to the FEMA Region VI identified Point of Contact;
- Ensure programmatic technical assistance is provided to potential applicants or eligible subrecipients including organizing conference calls between FEMA specialists and the subrecipient throughout the application process and the subsequent sub-grant management when appropriate;
- Contribute to development of procedures developed for the distribution of financial assistance to eligible subrecipients;
- Ensure development of a system to monitor completion of approved projects in federally required time frames;
- Contribute to a system to monitor sub-grantee accounting systems and ensure compliance with 2 CFR 200;
- Maintain tracking on all active mitigation projects to ensure reports are received and the period of performance (POP) for each disaster is adhered to, or requests for extension are submitted in a timely manner;
- Maintain operational awareness of projects by quarterly reports and site visits to ensure projects are progressing within established timelines and in concurrence with the FEMA approved budget;
- Submit sub-grant scope of work and budget modification requests to FEMA as needed
- Monitor and evaluate project accomplishments and adherence to work schedule within the POP timeframe;
- Review contractual documents associated with the sub-grant entered in to by the subrecipient;
  - The sub-grantee is required to submit all procurement documents and drafts of any contract for administrative and programmatic review prior to execution.
- Verify that programmatic work and grant requirements have been met to approve sub-grant reimbursement requests;
- Coordinate with ASB and provide technical assistance as required in administering the mitigation program;
- Process appeals and notify applicants of denials;
- Review and approve ASB prepared sub-grant and grant files for close out prior to submission to the FEMA Region VI identified Point of Contact.

***MITIGATION SPECIALIST***

Mitigation Specialists perform the same programmatic activities as the SHMO, as assigned by the SHMO.

***STATE FLOODPLAIN COORDINATOR***

The State Floodplain Coordinator is responsible for the CAP-SSSE grant program and related floodplain and flood reduction activities. The State Floodplain Coordinator will be utilized as an additional resource on mitigation activities that address flooding.

## **ASB GRANTS UNIT**

### ***GRANTS UNIT MANAGER***

The Grants Unit Manager has overall management responsibility for award, execution, and compliance oversight. Tasks include but are not limited to:

- Review and revise the finance and grants section of this Administrative Plan, following changes in state, federal, organization or agency policy.
- Development of procedures to administer and manage grant and sub-grant level compliance, internal auditing, reporting, monitoring, and performance for the department;
- Ensure grant related application and supplemental material, including SF424s and SF425, are submitted timely to the FEMA Region VI identified Point of Contact;
- Coordinate with the SHMO to ensure application and supplemental material are submitted timely to the FEMA Region VI identified Point of Contact;
- Ensure grant related technical assistance and financial guidance is provided to sub-grantees throughout the life of the sub-grant agreement;
- Ensure grant and sub-grant related close out documentation and supplemental material are submitted timely to the FEMA Region VI identified Point of Contact;
- Contribute to a system to monitor sub-grantee accounting and ensure compliance with 2 CFR 200;

### ***SUB-GRANT ANALYST***

The Sub-grant Analyst provides administrative support to subrecipients to ensure applicable procedures, reporting, and monitoring are followed. Tasks include but are not limited to:

- Preparing sub-grant administrative documents and agreements per requests of the SHMO, and subject to approval of Grants Unit Manager;
- Creating and maintaining sub-grant files;
- Reviewing procurement procedures and contracts entered in to by the subrecipient-
  - The sub-grantee is required to submit all procurement documents and drafts of any contract for administrative and programmatic review prior to execution. Once reviewed and approved, the Sub-grant Analyst is responsible for notifying the sub-grantee of approval. Then the sub-grantee can execute the contract and begin work.
- Confirming that third party vendors and other relevant parties are in good standing in the System for Award Management (SAM);
- Receiving and processing requests for reimbursement from sub-grantees;
- Reviewing the request for reimbursement or “invoice” for fiscal accountability;
- Preparing documentation for applicable processing and verification in compliance with DHSEM disbursement procedures;
- Coordinating reconciliations of grant activities with Grants Management Unit Auditor;

- Providing and verifying data for submission to Grants Management Unit Auditor to prepare for periodic drawdowns and financial reconciliations of grant funds;
- Maintaining necessary financial documentation and progress reports to support funds distributed to sub-grantee(s);
- Maintaining the official files on administering the sub-grants;
- Tracking cost overruns, audits and appeals, and forwards documents to the SHMO for program approval;
- Providing grants and financial technical assistance to sub-grantees, including organizing conference calls between FEMA specialists and the subrecipient throughout the lifetime of the sub-grant agreement.

SHMO and Grants Management Unit work closely to assure coordination on activities.

## **GRANT APPLICATION**

DHSEM will represent the state, as the recipient. The GAR's delegated representative serves as the grant administrator for project management, administrative requirements, audit requirements, and accountability of funds in accordance with 2 CFR 200 and 44 CFR 206 in effect on the date of the declared disaster.

The state's application may be amended as the state identifies and selects approved project applications to be funded.

All mitigation projects approved for the recipient and subrecipient will be subject to the cost sharing provisions outlined in the federal award documents and/or FEMA-State Agreement. The non-federal share may exceed the federal share and be combined with other state, local or private funding sources.

Based on the approved application and work schedule of the project(s), a record keeping and financial system will be implemented for the duration of each project. Quarterly progress reports are maintained by the recipient and required quarterly reporting is submitted to FEMA on all open projects.

The GAR and/or SHMO will notify subrecipients when the project is approved and a sub-grant agreement with the state has been drafted. The SHMO will provide to the subrecipient additional information concerning administrative procedures, audit requirements, suspense dates, interim inspections, and project completion dates.

The State may request increasing the HMGP 5% initiative to a 10% initiative to be used for activities promoting disaster resistant codes or for tornado events. The request will be made to FEMA upon receipt of the initial lock-in letter.

## **OUTREACH TO POTENTIAL SUB-APPLICANTS**

### ***HMGP***

The SHMO will work with the SCO and FEMA Mitigation and Public Assistance staff at the JFO to determine a list of potential applicants within the disaster area. Because HMGP is not limited to applicants in the disaster-declared counties, applicants outside the declared counties will also be identified for outreach. It is helpful to generally inform applicants about the availability of HMGP funding early in the disaster recovery. Because initial concerns are focused on response and recovery, it is difficult to expect that potential applicants will be able to focus on HMGP right away. A general HMGP briefing will be presented at the Public Assistance Applicant Briefings, where the SHMO, other DHSEM staff, or FEMA Reservist will;

- 1) outline eligibility for HMGP applicants and projects;
- 2) describe the New Mexico HMGP application process and deadlines;
- 3) provide guidance material and other information to enable potential applicants to prepare a Notice of Interest

The Mitigation Unit will release a funding announcement for all potential applicants statewide on the availability of HMGP, giving program details, explaining the application process, general program eligibility, key deadlines, and reference to the state's mitigation website for more information. This announcement, in the form of a letter, press release, email, and/or web page is in addition to the general briefing described above. The notification will occur after DHSEM receives the initial lock-in letter. After the initial lock-in letter is received, the SCO will determine if modifications to this outreach strategy are required.

### ***HMGP-PF***

Because there is no Public Assistance grant associated with HMGP-PF, there will be no JFO or SCO. Because HMGP-PF is prioritized but not limited to applicants in the FMAG impacted communities, applicants outside the impacted communities will also be identified for outreach. A general HMGP-PF briefing may be delivered during an FMAG technical assistance meeting with the impacted communities.

The Mitigation Unit will release a funding announcement for all potential applicants statewide on the availability of HMGP-PF, giving program details, explaining the application process, general program eligibility, key deadlines, and reference to the state's mitigation website for more information. This announcement will be in the form of a letter, press release, email, and/or website.

Since HMGP-PF application deadlines typically align with the annual BRIC and FMA NOFOs, DHSEM plans to release the HMGP-PF specific funding announcements concurrent with the state's notices regarding the other grant programs, when HMGP-PF has been awarded for the

federal fiscal year. This streamlines the application process and allows for maximum utilization of the available grants.

### ***BRIC and FMA***

The Mitigation Unit will release a funding announcement for all potential applicants statewide on the availability of BRIC or FMA, giving program details, explaining the application process, general program eligibility, key deadlines, and reference to the state's mitigation website for more information. This announcement, in the form of a letter, press release, email, and/or web page will occur within 60 days of the federal Notice of Funding Opportunity release.

## **SUB-GRANT ORIENTATION**

*See Attachment 1: Sub-grant Orientation Packet*

The Sub-grant Orientation packet will be provided to any sub-applicants whose NOI describes an eligible project type. The packet may be reviewed independently by the sub-applicant or during a technical assistance call or meeting with the Mitigation Unit. The packet Acknowledgement form must be signed by a representative for the entity and returned to DHSEM before the full application will be provided.

The packet includes a description of the DHSEM Mitigation Sub-grant Agreement, reviews procurement requirements, reporting requirements, sub-grant amendments, and details the responsibilities of the subrecipient.

Once a sub-grant has been awarded, the Mitigation Unit POC and Sub-grant Analyst will review the Sub-grant Orientation packet again with the sub-grantee during a technical assistance call or meeting. The Mitigation Unit repeats the orientation for the following reasons;

1. often the individual preparing the application isn't usually the individual implementing the project.
2. the concepts, forms and processes may have changed since the pre-application period.
3. often subrecipients want both programmatic and financial staff to participate in the meeting.
4. reviewing the packet together gives the subrecipients a chance to ask clarifying questions and for DHSEM to reiterate the importance of compliance.

## **FACILITATION OF APPLICATIONS**

The Mitigation Unit will

- Provide guidance to applicants to enable them to secure clearance from the various state and federal agencies required to meet all compliance criteria.
- Provide technical assistance to the applicant in all aspects of the application process and subsequent sub-grant management.

- Facilitate technical assistance that may be available to subrecipients from state agencies for project development and guidance. Technical assistance may be available from FEMA as well.

### **PLAN EXPIRATION NOTICES**

Each year, typically in the spring, the Mitigation Unit will compile a list of entities that are within 3 years of expiration of their FEMA approved Hazard Mitigation Plan. The Mitigation Unit will issue a notification on the status of the current plan, possible future funding opportunities, and any special circumstances.



## **SUB-GRANT APPLICATIONS**

FEMA will advise the SHMO of the final lock-in amount for HMGP twelve months after the disaster declaration. That amount will be set aside for HMGP projects regardless of any future increases or decreases in the amount of Public Assistance.

The state may request increasing the HMGP 5% initiative to a 10% initiative to be used for activities promoting disaster resistant codes or for tornado events. The request will be made to FEMA upon receipt of the initial lock-in letter.

Once project applications are submitted to FEMA, no increase in the scope of work per project will be allowed. However, if the cost of doing the scope of work increases, individual projects can have their funding increased up to the limit of available HMGP funding for that disaster. Funds may not be exchanged between disasters. Funds may not be used for new projects once the 12-month application period has passed. DHSEM encourages subrecipients to submit more projects than can be funded on the chance that a funded applicant might withdraw its project, thus making additional funds available.

The state may submit a global match ('over match') request in a formal letter as soon as the source and amount is identified. The request will describe the specific projects involved and the estimated amount of global match. As additional funding sources may become available after the close of the application deadline, the state reserves the right to submit the global match request throughout the grant period of performance. For example, the state legislature allocates capital outlay funding on an annual basis. A subrecipient may receive capital outlay funding after submittal of the FEMA HMGP application.

For the HMGP-PF grant, the funds are determined based on the number of Fire Management Assistance Grants declared within a given federal fiscal year, between October 1 and September 30. For each FMAG declaration a FEMA specified amount is made available under HMGP-PF. Calculation is tied to New Mexico's Standard State Mitigation Plan. In 2018 this was \$425,008 and in 2019, \$454,432. No FMAGs were declared in NM for FFY 2020.

## **SUB-APPLICANT ELIGIBILITY**

The following entities are eligible sub-applicants per HMA Guidance (2015). However, eligibility for BRIC and FMA is dependent on the annual NOFO.

- 1) local governments
- 2) Indian tribes or authorized tribal organizations
- 3) quasi-governmental agencies
- 4) state agencies
- 5) independent subdivisions of state government
- 6) universities

- 7) non-profit organizations (with an effective ruling letter from U. S. Internal Revenue Service, granting tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code of 1954, or satisfactory evidence from the State that the non-revenue producing organization is a nonprofit organized or doing business under State Law)

Additional requirements may be implemented, including:

- 1) Have a FEMA approved Natural Hazard Mitigation Plan (required for all mitigation applications except HMP planning applications)
- 2) Be a participating member in good standing with the National Flood Insurance Program (NFIP) or must never have had their floodplains mapped by FEMA.

Per the 2015 HMA Guidance All sub-applicants for HMGP must have a FEMA-approved local or Tribal Mitigation Plan at the time of obligation of grant funds for mitigation projects. For HMGP and HMGP-PF, hazard mitigation applications for projects will be taken under advisement and decided on a case-by-case basis to determine whether the application may be submitted prior to having the completed Mitigation Plan approved by the State and FEMA and adopted by the entity. Applications will only be accepted from eligible sub-applicants that will have the Hazard Mitigation Plan approved within 12 months of project application submittal.

## **PROJECT ELIGIBILITY**

All projects must meet basic federal eligibility requirements. Applications will be considered if the project:

- is legal
- is likely to limit loss and prevent harm to human life and property
- constitutes a long-term solution to a well-defined problem
- demonstrates a favorable benefit/cost ratio (*not required in some project types*)
- applicant (or other specified entity) is committed to maintenance of the project for the life of the project
- is environmentally sound
- is technically feasible
- is socially acceptable
- is politically acceptable

In addition, projects:

- 1) Must be in conformance with mitigation goals, objectives, and actions described in the local Hazard Mitigation Plan and the State Natural Hazard Mitigation Plan.
- 2) Must address or reduce the impact of a natural hazard, reduce injury, and/or result in protection to property (either public or private).

- 3) Must be in conformance with 44 CFR Part 9, Floodplain Management and Protection of Wetlands and 44 CFR Part 10, Environmental Considerations.
- 4) Have a beneficial impact, are cost effective, and substantially reduce the risk of future damage, hardship, loss, or suffering resulting from a major disaster. The applicant must demonstrate this by documenting that the project:
  - a. addresses a repetitive natural hazard or that poses a significant risk to public health and safety if left unsolved;
  - b. will not cost more than the anticipated value of the reduction in both direct damages and subsequent negative impact to the area if future disasters were to occur. Both costs and benefits will be computed on a net present value basis;
  - c. is determined to be the most practical, effective, and environmentally sound alternative after consideration of a range of options;
  - d. contributes to the extent practicable to a long-term solution;
  - e. does not constitute undue negative permanent effect on the environment or the historic integrity of the surrounding area;
  - f. considers long-term changes to the areas and entities it protects; and
  - g. has manageable future maintenance and modification requirements.

#### ***DUPLICATION OF PROGRAMS OR BENEFITS***

The project must not be funded or have received funds for a similar scope of work or as match from any other federal source (Duplication of Benefits), including under a previous HMGP, HMGP-PF, FMA or PDM grant. This includes insurance pay outs.

Funds cannot be used as a substitute or replacement to fund projects or programs that are available under other federal authorities (Duplication of Programs), except under limited circumstances in which there are extraordinary threats to lives, public health or safety, or improved property.

Certification that the project scope of work does not constitute a Duplication of Programs or a Duplication of Benefits may be required. This certification must be signed by the entity's Authorized Organization Representative or elected official.

#### ***HMGP and HMGP-PF***

Eligible projects are identified in the Hazard Mitigation Assistance Guidance of 2015 and Hazard Mitigation Assistance Addendum.

#### ***BRIC***

Project eligibility is dependent on the relevant NOFO for each grant year.

#### ***FMA***

Project eligibility is dependent on the relevant NOFO for each grant year. In past FMA years, properties included in a project sub-application had to be NFIP-insured at the time of the application. Flood insurance must be maintained through completion of the mitigation activity and for the life of the structure.

Residential or non-residential properties currently insured with the NFIP are eligible to receive FMA funds. In order to receive an increased federal cost share, properties must be a repetitive loss structure or a severe repetitive loss structure as defined on pages 11 and 12 of this document (consistent with the legislative changes made in the Biggert-Waters Flood Insurance Reform Act of 2012):

## **PRIORITIZATION AND PROJECT SELECTION**

In general, all projects that meet the minimum criteria and deadlines will be submitted to FEMA for funding consideration. However, the following addresses how applicants are solicited and the process for when more applications are submitted than there is funding available.

The SHMO will prioritize proposed projects based upon priorities established in the State Natural Hazard Mitigation Plan, although other factors may be considered.

### ***HMGP***

The SHMO will review submitted mitigation applications consulting with SCO, state and federal agencies as needed. All projects must meet the minimum requirements of 44 CFR 206.434 (b) and 44 CFR 206.435 (b). If more applications are submitted than there is available funding, all applications will be submitted to an application review panel for priority ranking by committee (See *Competitive Section*).

### ***HMGP-PF***

Funding will first be made available to the county or counties that received an FMAG declaration. Funding will first be prioritized in the declared or burned area(s). If funding cannot be used in the affected area, then downstream communities at risk of post fire flooding will be given next consideration. From there, it may be available statewide regardless of whether it benefits a declared county.

Planning funds will be prioritized for:

1. communities impacted by the FMAG.
2. state-wide planning efforts.
3. entities with plans that will expire first.
4. new mitigation plans for multi-jurisdictional and tribal entities.
5. all other plans or planning activities.

Project funds will be prioritized for:

1. project in the communities impacted by the FMAG (even if they are not wildfire related).
2. projects that will provide risk reduction benefits to the FMAG impacted communities (even if the activity is not implemented in the impacted community).
3. projects in communities that could be impacted by FMAG post-wildfire damages (for example: downstream debris or flood flows).
4. wildfire mitigation, post-wildfire debris or flood flow anywhere in the State.
5. any natural hazard mitigation project anywhere in the State.

However, funds will not be held for prioritized communities or project types that do not meet all established deadlines and minimum application criteria. For example, sub-applicants must submit NOIs and applications by the deadline, submit complete application packets, and respond to Requests for Information by established deadlines for the prioritization ranking to be taken into consideration. In addition, the entity's mitigation plan must also be approved and adopted by the time FEMA is ready to make the award. If the milestones for a mitigation plan creation or update are not met, causing a delay in meeting the mitigation plan requirement, a project that relies on the plan approval will not be prioritized for funding.

### ***SELECTION CRITERIA***

The following standards will be taken into consideration by the SHMO when selecting a project for FEMA submission. The criteria include, but are not limited to:

- the entity has a FEMA approved mitigation plan.
- a completed application was submitted by the deadline.
- the project accomplishes multiple objectives including damage reduction, environmental enhancement, and economic recovery when appropriate.
- the project includes multi-jurisdictional cooperation.
- the measures fit within an overall plan for development and/or hazard mitigation in the community or disaster area as described in the local Natural Hazard Mitigation Plan.
- project describes measures that, if not taken, will have a severe detrimental impact on the sub-applicant, such as potential loss of life, loss of essential services, or economic hardship in the community.
- measures that have the greatest potential impact on reducing future disaster losses.
- measures that are designed to accomplish multiple objectives for damage reduction, environmental enhancement, and economic recovery.
- the project solves a problem independently or constitute a functional portion of a solution where there is assurance that the project as a whole will be completed.

### ***COMPETITIVE SELECTION***

Based upon applications submitted and available funding, plans and projects may need to be prioritized for funding. The SHMO and DHSEM staff will form a Ranking Committee to review competitive applications utilizing formalized criteria established in the State Natural Hazard

Mitigation Plan, this State Mitigation Administrative Plan, and the criteria below. The Administrative Services Bureau will contribute a non-voting member of the panel to act as Observer. The Ranking Committee shall produce a report. The Observer shall certify that all entities selected for project recommendation in the report are in good financial standing via DUNS number or Sam.gov verification. The Ranking Committee recommendations are provided to the GAR for approval. After the GAR provides approval, the SHMO contacts each applicant to notify them if their project was selected or not. If a project is withdrawn or is determined to not meet all eligibility criteria, the project with the next highest ranking is funded up to the maximum amount of federal dollars remaining.

Points may be given for the following categories. Selection of the relevant categories will be determined by the Ranking Committee:

- Completeness of the application material.
- Prevents harm to human life.
- Reduces amount of property damage, both public and private, from natural hazards.
- A real-world event has had severe detrimental impact on the applicant, such as potential loss of life, loss of essential services, or economic hardship in the community.
- Reduces the number of necessary evacuations.
- Leverages innovation.
- The project is included in the applicant's General Plan, Comprehensive Plan, or Infrastructure Capital Improvement Plan, and/or the project is identified as a high priority in an adopted plan of the applicant.
- The project effectively reduces risk and increases resilience, realizes ancillary benefits, and/or shortens recovery time (community function, natural environment, other).
- The project anticipates future conditions (population/demographic/climate changes, etc.).
- The project sub-application demonstrates community-wide benefits and identifies the proportion of the population that will be impacted. The application also describes how impacts (positive or negative) to socially vulnerable populations informed project selection and design.
- The sub-application describes outreach activities, identifies the level of public support, outlines the types of community planning processes leveraged, and/or incorporates state, tribal, private, and local community partnerships, communication, and collaboration that will enhance its outcome (increased non-federal cost share, multi- jurisdictional projects, etc.).

### ***SELECTION FOR ADVANCED ASSISTANCE***

At a minimum, an Advanced Assistance application Scope of Work must identify the project-specific tasks that will be accomplished, the schedule for the specific activity must be completed within a 12-month period, and there must be a specific deliverable(s) submitted at the end of the proposed Advance Assistance activity.

Priority given in the following order:

1. project-types that can be funded by FEMA HMA grants.
2. communities that have not yet received HMA construction or land disturbance funding through DHSEM.
3. requests that exceed the 25% non-federal cost match for Advance Assistance.
4. the project includes multi-jurisdictional cooperation.

## **APPLICATION PROCEDURE NOTICE OF INTEREST (NOI)**

*See Attachment 2: Notice of Interest*

To save time and effort in preparing formal applications for projects that may not meet basic requirements, applicants must submit a pre-application Notice of Interest. With this document, the applicant describes the project and shows that it appears to meet federal and state requirements. The Mitigation Unit will review the Notice of Interest for suitability under FEMA mitigation programs. NOIs will be processed only if the applicant's mitigation plan is currently approved or is pending approval. Entities with Hazard Mitigation Plans pending approval will be evaluated for application development on a case-by-case basis.

The NOI deadline will be established for each disaster declaration (HMGP), each Fire Management Assistance Grant declaration (HMGP-PF), and PDM, BRIC, or FMA Notice of Funding Opportunity. The NOI deadline will be at least one month after federal notification and not more than eight months after the disaster declaration or notification by FEMA of available funding.

DHSEM will process late Notice of Interest for those applicants who provide suitable documentation to support and justify the reason for the delay. The NOI and justification will be submitted to the DHSEM Cabinet Secretary who will determine if the entity can continue with the application process.

## **BENEFIT COST ANALYSIS (BCA)**

The state, in coordination with FEMA, will complete an engineering technical feasibility analysis on each eligible mitigation project submitted. The project must be feasible and must reduce damages as proposed or the BCA modeling will not be accurate, and the project will not be eligible. Technical feasible and eligible project applications are required to have a positive benefit cost ratio, regardless of the type of mitigation measure or the mitigation funding source. All proposed projects that require a positive benefit cost ratio will go through the Benefit Cost Analysis screening process.

At its most basic level, the Benefit Cost Analysis (BCA) determines whether the cost of investing in a mitigation project today will result in at least an equal amount of future damages avoided. If the benefit (future damages avoided) is equal or more than the cost, the project is considered to be cost-effective.

For all applications that have a positive BCA as a requirement, the sub-applicant must indicate on the NOI if they require state assistance to run a BCA analysis. After NOI and before the



complete application is due, an initial BCA run must be completed to be sure that the project is generally cost beneficial.

If an entity has the capabilities and skill to run their own BCA using the FEMA software, DHSEM will review the applicant's BCA models, input data, and supporting documentation. The reviewer may suggest changes to the applicant to make the project more efficient in reducing damage and loss.

If assistance is required, a Benefit Cost Analysis Data Form must be completed by the applicant and the state will assist with a general Benefit Cost Analysis to determine if the project will likely result in at least a 1:1 ratio (benefits at least equal the costs).

The Mitigation Unit will screen applications based on the BCA submitted by eligible applicants or run by the state. The Mitigation Unit will review and provide feedback to sub-applicants which may include additional Requests for Information. If the initial run does not show that the project is cost beneficial, the applicant can then decide if they want to invest additional time and resources into collecting data to pursue a 1:1 ratio.

Applications that are not cost beneficial will not be reviewed and ranked for consideration. If the state's Hazard Mitigation Assistance grant programs become competitive, the BCA may also be used as one of the scoring criteria in the ranking process.

## **APPLICATION PACKET**

The sub-grant application deadline will be established for each disaster declaration. The application deadline will be at least two months prior to the grant application deadline. The grant deadline is typically twelve months after the date of the disaster declaration. Unless indicated otherwise in a NOFO, all application packets for all HMA grants must include:

1. HMA Application (either through FEMA platform or state's version)
2. Scope of Work
3. Schedule
4. Detailed Budget and Cost Estimate
5. Budget Narrative
6. Non-Federal Funds Commitment Letter
7. Delegation of Signature Authority Letter
8. Standard form 424
9. SF LLL

Planning and non-construction applications must also include:

10. Participation Letters from each participating community (plans only)
11. Standard Form 424 A

## 12. Standard Form 424 B

Construction and land disturbance projects must include:

13. Latitude and longitude
14. Response to the environmental considerations
15. Construction drawings
16. Benefit Cost Analysis, report, and all supporting material
17. Standard Form 424 C
18. Standard Form 424 D
19. Project area maps (depending on project type, several different maps may be required)
20. Certification of no Duplication of Programs or Benefits (if applicable)
21. Photos (if applicable)
22. Equipment quotes or price support documentation (if applicable)
23. Any additional project specific supporting documentation requested by FEMA

### **BUDGET CONSIDERATIONS**

All HMA grants require a minimum non-federal match of 25%. Non-federal match can be in the form of cash or in-kind services (staff time, use of entity-owned equipment, volunteer time, etc.). More than the required 25% of non-federal match can also be applied to the project. The total project cost (for purposes of the BCA and budgeting) includes the total amount of requested federal funds and total amount of non-federal funds. All costs associated with the completion of the project must be accounted for. Failure to properly document and account for the actual total project cost can lead to deobligation of funds or, particularly when the unaccounted costs result in a BCA of less than 1.0, termination of the sub-grant agreement.

### ***PRE-AWARD COSTS***

Pre-award costs are those incurred prior to the effective date of the federal award or subaward directly pursuant to the negotiation and in anticipation of the federal award where such costs are necessary for efficient and timely performance of the scope of work. For instance, if an entity tracked staff time spent preparing the application or paid a contractor to develop construction drawings, these costs can be counted as part of the required non-federal match or can be reimbursed out of the federal share once the project is awarded. If pre-award costs are being requested, the application must include separate line items identifying the eligible pre-award tasks and costs.

### ***SUBRECIPIENT MANAGEMENT COSTS***

The cost estimate can include up to 5% of the total project cost for Subrecipient Management Costs (SRMC). SRMC as established in the DRRA is 100% federal money requiring no match. For example, if a \$100,000 project has been awarded at \$75,000 federal share and \$25,000 non-federal share, an additional \$5,000 in federal funds is awarded. Eligible tasks under SRMC include contract oversight, conducting project meetings/calls, coordination with DHSEM or

other project partners, quarterly reporting, invoicing, and other project management tasks. See pages 52-54 for additional information.

### ***STRATEGIC FUNDS MANAGEMENT***

For HMGP and HMGP-PF projects with a federal cost share of \$1 million or more, compliance must be shown for Strategic Funds Management. Compliance for Strategic Funds Management will be in accordance with FEMA's "Strategic Funds Management Implementation Guide for Hazard Mitigation Grants Program". A waiver request may be submitted by the subrecipient on a per-project basis with justification. If the state supports the waiver, the SHMO will submit a waiver request to FEMA Region VI as part of the application.

### ***PHASED PROJECTS***

Phased projects are complex projects where funding is provided to prepare all the technical and environmental information, including design, engineering studies, final benefit cost analysis and permitting, before issuing a full construction approval. Phasing is for projects that are further along in development but for which funding is lacking to complete certain technical pieces. Phasing a project allows funds to be reserved through the same grant cycle.

Phase I funds will be awarded first and if after the Phase I deliverables are reviewed and approved by FEMA, then Phase II construction funding will be awarded. *See Attachment 6: Phase I Deliverables Checklist.*

If a project is shown not to be cost effective or technical feasible after Phase I completion, FEMA still funds the costs of Phase I, and funds allocated to Phase II of the project are reverted.

A construction or land disturbance project may be phased to allow sufficient time and resources to prove that all grant requirements are met. The sub-grant application must be prepared for the entire project with phasing identified in the cost estimate, scope of work, and schedule.

Typically, Phase I will include pre-award costs, environmental compliance, Benefit Cost Analysis, finalizing construction drawings, and preparing the Phase II request. Phase II is the implementation of the construction project. HMGP, HMGP-PF, and BRIC (if specified in that funding year's NOFO) allow for phasing.

If the phased project is awarded, one sub-grant will be executed providing twelve months from completion of Phase I of the project. Upon FEMA award of Phase II funding, the sub-grant agreement will be amended to reflect the full project scope of work, budget, and schedule. All Phase I Deliverables must be submitted and reviewed by both DHSEM and FEMA before the Phase II award will be processed by FEMA and the sub-grant agreement will be issued. This review and award process typically takes three months and must be accounted for in the project schedule.

### ***ENVIRONMENTAL COMPLIANCE***

In conformance with 44 CFR Part 9 and FEMA Directive 108-1 (44 CFR §206.437(b)(4)(iv) all land disturbance applications will be subject to environmental management review. As part of the application packet, sub-applicants must respond to the Environmental Considerations Information. Applications that do not address the Environmental Considerations will not be considered. DHSEM will work with the FEMA Region VI Environmental and Historic Preservation Officer who coordinates with the State Historic Preservation Officer and/or Tribal Environmental Officer or Tribal Historic Preservation Officer to review and comment on the Environmental Considerations in order to:

- 1) Assure that in carrying out project responsibilities it is in a manner consistent with state, tribal and national environmental policies;
- 2) Use all practical means and measures to protect, restore, and enhance the quality of the environment, and to avoid or minimize adverse environmental consequences;
- 3) Achieve use of the environment without degradation, or undesirable and unintended consequences;
- 4) Preserve and maintain historic, cultural, and natural aspects while supporting diversity and variety of individual choice;
- 5) Achieve a balance between resource use and development within the sustained carrying capacity of the ecosystem involved;
- 6) Enhance quality of renewable resources;
- 7) Work towards maximum attainable recycling of resources;
- 8) Assess environmental consequences of actions;
- 9) Use an interdisciplinary approach to ensure integrated use of natural and social sciences to fully address environmental consideration, in planning and decision making, where there is a potential for environmental impact;
- 10) Ensure presently unmeasured environmental amenities are considered in decision-making process;
- 11) Consider reasonable alternatives to recommend courses of action;
- 12) Make available technical assistance and information useful in restoring, maintaining and enhancing the overall quality of the ecosystem.

### ***FLOODPLAIN MANAGEMENT REVIEW***

All project applications will be subject to floodplain management review. Completion of the DHSEM Floodplain portion of the Environmental Considerations Information is mandatory. Applications that do not address impacts to floodplain will not be considered.

DHSEM will coordinate with the FEMA Floodplain Specialist, State Floodplain Coordinator and local or tribal floodplain manager to conduct floodplain management reviews. The application process requires applicants to provide the following information:

- 1) Avoid long and short term adverse impacts associated with the occupancy and modification of floodplains and the destruction and modification of wetlands;
- 2) Avoid direct and indirect support of floodplain development and new construction in wetlands wherever there is a practicable alternative;
- 3) Reduce the risk of flood loss;
- 4) Promote the use of nonstructural flood protection methods to reduce the risk of flood loss;
- 5) Minimize the impact of floods on human health, safety and welfare;
- 6) Minimize the destruction, loss or degradation of wetlands;
- 7) Restore and preserve the natural and beneficial values served by floodplains;
- 8) Preserve and enhance the natural values of wetlands;
- 9) Involve public throughout the floodplain management and wetlands protection decision-making process;
- 10) Adheres to the objectives of the Unified National Program for Floodplain Management; and
- 11) Improve and coordinate DHSEM plans, programs, functions and resources so that New Mexico can attain the most effective floodplain program in accordance with the FEMA state tiered assessment.

### **REQUEST FOR INFORMATION (RFI)**

After a complete application packet has been submitted, the Mitigation Unit will conduct a state review. A state-level Request for Information (RFI) will be issued identifying any discrepancies or outstanding information required for submission to FEMA. The Mitigation Unit will work with the sub-applicant on any critical defects that would result in immediate denial of an application. Depending on the issues identified, the state may call out items that are necessary for award but would not be grounds for immediate denial of a project application by FEMA. Applications submitted to FEMA should be as complete as possible. The state's goal is to submit approval ready applications and avoid formal FEMA RFIs.

Once the state's RFIs have been met and the application packet is finalized, the SHMO will submit to FEMA for review and approval. The submittal packet will include a state support letter identifying the project name, funding source, federal share, and any special circumstances.

Any additional information that may be required by FEMA Region VI will be in the format of a FEMA Request for Additional Information (RFI) with a specific deadline for submittal. The Mitigation Unit will communicate the RFI topics and deadline to the sub-applicant and provide technical assistance for submittal. The state will set an RFI deadline ahead of the FEMA formal RFI schedule to allow for state review prior to FEMA submittal. If the sub-applicant does not meet the final deadline for RFI, FEMA will determine that the project does not meet the requirements and the application will be denied.

<b>RFI TIMELINES</b>	
<b>Informal – First Request</b>	The <b>Project Officer</b> requests additional information from the <b>Applicant</b> . If the requested information is not received within 30 calendar days from the date of the request, FEMA will consider the application to be incomplete and not approvable. Unless the HMA program is competitive, FEMA may provide technical assistance if requested to help the Applicant respond to the RFI and set a new timeframe for the Applicant response. We may encourage phasing the project if it is feasible to do so.
<b>Informal – Second Request</b>	The <b>Hazard Mitigation Branch Chief</b> requests additional information from the <b>Applicant</b> . If the requested information is not received within 14 calendar days from the date of the request, FEMA will consider the application to be incomplete and not approvable. FEMA may provide technical assistance if requested, unless the HMA program is competitive. We will attempt to coordinate with FEMA, Recipient, and Applicant staff should meet to resolve any open items within the allotted timeframe, if necessary.
<b>Formal</b>	In a formal letter, the <b>Division Director</b> requests additional information and documents previous requests in letter to the <b>State Director</b> . If the requested information is not received within 30 calendar days from the date of the request, FEMA will consider the application to be incomplete and not approvable.
<b>Formal</b>	If the RFI is not answered in specified timeframe, the <b>Regional Administrator</b> will communicate last and final RFI to <b>State Director</b> with 30 day turnaround.
<b>Final</b>	If RFI not answered, the project will be denied.

## **ADMINISTRATION OF SUB-GRANT FUNDS**

DHSEM will ensure that subrecipients are aware of requirements imposed upon them by federal statute and regulation at the Sub-grant Orientation meeting and through wording in the sub-grant agreement. Subrecipients are contacted to plan either a meeting in person, via conference call, or video call to discuss expectations, procedures and helpful information for adherence to the sub-grant guidelines and requirements. Topics include records management, timely reporting, procurement responsibilities, reimbursements, amendments and extensions, and close-out procedures. *See Attachment 1: Sub-grant Orientation Packet.*

## **SUBRECIPIENT RESPONSIBILITIES**

Subrecipients are accountable to the recipient for all funds that are awarded, including copies of all service and construction contracts, all payment requests with supporting receipts, and project close out documentation as required.

**NOTE:** Copies of all service and construction contracts executed by the subrecipient are to be submitted to DHSEM for approval prior to execution. A final signed copy is placed in the sub-grant folder for reference.

The sub-recipient is responsible for:

- Managing the implementation of the approved project.
- Complying with the grant requirements and award management procedures stated in the sub-grant agreement, and other applicable federal, state, and local laws and standards.
- Accounting for the appropriate use of award funds.
- Submitting complete and accurate quarterly reporting.
- Ensure that projects begin within 90 days of approval and are completed within the approved period of performance.
- Maintain the financial records and receipts necessary to document all expenditures connected with the project.
- Maintain a project file that includes copies of the Recipient-Sub-Recipient Agreement, Meeting Notes, Correspondence, Memorandums and Notes to File, Public Notices, Application and Submittal Information, Financial Records, Reimbursement Documentation, and any other important information related to the project.

## **QUARTERLY REPORTING**

*See Attachment 3: Quarterly Report*

Quarterly Reports from subrecipients are due on the 15th of the month following the end of each quarter.

- 1st federal quarter (October–December) due January 15
- 2nd federal quarter (January–March) due April 15
- 3rd federal quarter (April–June) due July 15

- 4th federal quarter (July–September) due October 15

Failure to submit the quarterly reports, complete and on time, will prevent the subrecipient from receiving payment of any requested reimbursements. Repeated failure to submit reports could result in the cancellation of the approved project funding (by FEMA and/or the state) as well as the requirement for the subrecipient to reimburse FEMA through the state for project funds already received.

### **EXTENSION REQUESTS**

*See Attachment 4: Sub-grant Modification Request Form*

In accordance with 2 CFR 200.329, DHSEM will approve sub-grants for the maximum FEMA grant period of performance. The most recent HMGP guidance defines the performance period as being 36-months from the closing date of the application period for HMGP. BRIC, PDM, and FMA Notice of Funding Opportunity determine the start and end date of the period of performance.

In order to request a POP extension for a sub-grant, the request must be made to the state no later than 60 days prior to the expiration of the sub-grant period of performance. The request must be made using the DHSEM Mitigation Program Sub-grant Modification Request Form, must include a justification for the extension, and a revised project schedule.

Extension of the sub-grant will require extension of the overall grant and must have compelling justification See page 60 for information on the Grant Extension Request process.

After the sub-grant period of performance is approved by DHSEM, a sub-grant amendment will be provided to the sub-grantee for signature.

### **BUDGET AND SOW MODIFICATIONS**

*See Attachment 4: Sub-grant Modification Request Form*

*See Attachment 5: Budget and Scope of Work Modification Checklist*

Changes that occur after a project is awarded must be accounted for through a Sub-grant Modification Request. The FEMA approved application is the basis for the sub-grant agreement. Consult with a Mitigation Unit POC to determine if a budget or scope of work modification is required.

Scenarios that require a budget modification include but are not limited to:

- Increase in the total project cost.
- Request for additional federal funds.
- Change to the match fund source.
- Change of more than 10% of the total project cost between line items.



Scenarios that require a scope of work modification include but are not limited to:

- Change in the installation, construction site, or treatment area
- Change in the type or size of the equipment to be installed
- Modification to the design
- Remove or add a scope of work activity
- Move a scope of work activity from being completed by a contractor to in-house staff, or vice versa
- Reallocate staff time and activities from in-kind match to federal reimbursement.

Most modification requests reviewed by DHSEM require FEMA pre-approval. The state will draft a support letter, submit the packet for review, and facilitate response to any FEMA RFIs. After the modification is approved, a sub-grant amendment will be provided to the subrecipient for signature.

### ***PROCUREMENT***

*See Attachment 7: Quick Guide to Procurement*

*See Attachment 8: Mitigation Program Procurement Review Checklist*

The Mitigation Unit and Administrative Services Bureau are responsible for reviewing procurement procedures and professional contracts before they are entered into by the subrecipient. The subrecipient is required to submit all procurement documents, drafts of any contracts, task orders, and change orders (or similar) for administrative and programmatic review prior to execution. A Quick Guide to Procurement will be provided to the subrecipient as part of the Sub-grant Orientation Packet, *Attachment 1*.

Upon receipt of any contractual documentation, a review is conducted by Mitigation Unit utilizing an internal Mitigation Unit Procurement Review Checklist, *Attachment 8*. The Mitigation Unit POC will confirm that the programmatic requirements have been met, this includes that the scope of work is clearly defined, eligible, and conforms to the tasks approved by FEMA in the application. Deliverables must be identified and clearly tied to both the scope of work and payment schedule. The payment process must also be clearly defined. The Mitigation Unit will provide technical assistance to the subrecipient to meet programmatic requirements only. Once programmatically approved, all documentation submitted to program will be provided to the Sub-grant Analyst.

The Sub-grant Analyst will prepare the procurement packet for review by the DHSEM procurement team. The Sub-grant Analyst will provide technical assistance to the subrecipient on any outstanding requirements. Once reviewed and approved, the Sub-grant Analyst is responsible for notifying the subrecipient of approval to proceed with applicable next steps in procurement and/or execution of contract.

Recipients and subrecipients will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

2 CFR 200.213 of the UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS states: Non-federal entities and contractors are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, sub-awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities. DHSEM utilizes the System for Award Management (SAM) for verification of a DUNS number in good standing.

Should FEMA request review of pre-procurement documents and modifications, DHSEM will provide all relevant materials. The request should be made to the DHSEM Mitigation Sub-grant Analyst with a copy to the SHMO.

## **SUBRECIPIENT MONITORING**

To maintain compliance with the sub-grant agreement the following requirements must be met:

1. Obtain a fully executed and approved sub-grant agreement or amendment.
2. Attend the post-award Sub-grant Orientation meeting or conference call.
3. Submit Quarterly Reports in a timely manner.
4. Complete the scope of work according to the FEMA approved schedule.
5. Submit all legally binding agreements to DHSEM for review and approval prior to release or execution.
6. Maintain records in compliance with federal requirements.
7. Complete the FEMA approved scope of work as approved.
8. Comply with monitoring requirements including photographs, initial, 50%, 100% and as-needed on site inspections.
9. Consult with the Mitigation Unit and submit Extension Requests and Budget and Scope of Work Modification Requests as needed and in a timely manner.
10. Communicate in a responsive manner.

In accordance with 2 CFR Part 200.332, to assist DHSEM in fulfilling its obligations, the Fiscal Monitoring will be an integral element of the Department. DHSEM is responsible for fiscal monitoring of all subrecipients regardless of the federal funding source. Fiscal monitoring is conducted through documentation review, on-site visits, review of Single Audit (formerly A-

133) reports and technical assistance. All DHSEM subrecipients have been assigned a Sub-grant Analyst responsible for this fiscal monitoring function. DHSEM responsibilities are to:

- 1) Provide on-going fiscal oversight and fiscal monitoring of all federally funded sub-grant agreements.
- 2) Obtain a reasonable assurance that recipients are expending funds in accordance with state and federal guidelines.
- 3) Inform subrecipients of fiscal compliance requirements.
- 4) Provide technical advice and training to subrecipients as necessary and feasible.
- 5) Help ensure timely expenditure of grant funds.
- 6) Work with subrecipients to help detect and prevent fraud and abuse.

### ***NON-COMPLIANCE***

DHSEM has developed and implemented internal monitoring protocols and procedures which ensure compliance with all administrative requirements of 44 CFR Part 206 and 2 CFR 200.332. Mitigation Specialists and the Sub-grant Analyst meet as needed to discuss sub-grant status, deadlines, outstanding items, upcoming events, etc. In instances where non-compliance is identified, including audit findings, DHSEM will promptly work with subrecipients, according to 2 CFR 200.303 (d), to address corrective actions as part of monitoring procedures.

If a sub-grantee fails to submit documentation in a timely manner, respond to corrections, complete scope of works tasks in accordance with the FEMA approved schedule, or respond to offers for technical assistance, then the non-compliance process is triggered. Additional details for this step are documented in the HM procedural document drafted February 28, 2019.

1. The Mitigation Specialist and Sub-grant Analyst meet to reconcile the sub-grantee's file and document all outstanding issues. An email including a list of non-compliant items in bullet point format is drafted and a deadline is set for submission of all outstanding items, typically 2 weeks.
2. The Mitigation Specialist and Sub-grant Analyst provide findings to the State Hazard Mitigation Officer and Grants Manager for edits or approval.
3. The approved notice is sent by the Sub-grant Analyst to the Grants Analyst for distribution. Mitigation sub-grant non-compliance activity is sent to/from HM.compliance@state.nm.us.
4. If the sub-grantee responds, within one week of receipt the Mitigation Specialist and Sub-grant Analyst will have reviewed the documentation and will meet to determine next steps. Findings are provided to the State Hazard Mitigation Officer and Grants Manager for edits or approval, and a follow up email is sent to the sub-grantee. This process continues until the sub-grant is once again in compliance with the terms of the sub-grant.

5. If the sub-grantee does not respond or fails to meet deadlines and/or correct compliance violations, the Mitigation Sub-grant Analyst and Mitigation Specialist will meet to review the initial non-compliance email, make any necessary changes, including modification of the due date. DHSEM General Counsel and the GAR is advised of a possible sub-grant termination. Dependent on management approval, this notice may include the statement that failure to bring the sub-grant into compliance will result in “termination of the sub-grant agreement”. At least one other point of contact from the entity will be included in the email and call notification.
6. If the applicant has not met all requirements after two rounds of deadlines have passed, the Grants Unit Manager and State Hazard Mitigation Officer will determine the next step. Standard practice will be to issue a Notice of Termination Letter providing 30 days for compliance.
7. The Grants Unit Manager and State Hazard Mitigation Officer, in coordination with DHSEM General Counsel will notify the Sub-grant Analyst to prepare a Notice of Termination Letter. Once the draft letter is approved it is sent via email and mailed hard copy to the sub-grantee point of contact and official representative for the entity.
8. If the sub-grant is not brought into compliance by the deadline the Sub-grant Analyst will notify the Grants Manager, SHMO, and DHSEM General Counsel. Upon approval, the Sub-grant Analyst will draft the Grant Adjustment Notice (GAN). *See Attachment 11: Sub-grant Certification of Completion and Grant Adjustment Notice.* The GAN is sent to the Mitigation Specialist, who reviews and forwards to the SHMO for approval. Once approved, the GAN is emailed to the sub-grantee point of contact and official representative for the entity.

Note: If any party receives an email response or call from the sub-grantee, all parties must be made aware through email correspondence (either a forward of the email sent from the sub-grantee or an email summarizing the phone call). ‘All parties’ includes Mitigation Specialist via the [DHSEM.mitigation@state.nm.us](mailto:DHSEM.mitigation@state.nm.us) email account, the Sub-grant Analyst, Grants Manager, and [HM.compliance@state.nm.us](mailto:HM.compliance@state.nm.us) email account.

## **CONFLICT RESOLUTION**

The SHMO will monitor and evaluate the progress of sub-grants via Quarterly Reports, site visits, telephone calls, email, and postal mail throughout the project. For construction projects, the SHMO, or other designated person, will visit the project site at the request of the subrecipient to provide direct advice and to attempt to resolve difficulties. The SHMO may visit the project site to perform an interim inspection at any time.

To minimize applicant appeals, DHSEM will follow the following conflict resolution process:

- 1) The Mitigation Unit POC will notify the SHMO of any non-compliant issues or possible conflicts that require management attention.

- 2) The SHMO will work directly with the applicant to resolve the issue.
- 3) If they cannot achieve a resolution, the SHMO will notify the Preparedness Bureau Chief, and they will work together with the applicant to resolve the issue.
- 4) If they cannot achieve a resolution, the SHMO and Preparedness Bureau Chief will consult with the ASB Grants Manager and, as needed, the ASB Bureau Chief and General Counsel. They will work together with the applicant to resolve the issue.
- 5) If all these steps fail and the issue remains unresolved, the Cabinet Secretary will be briefed on the issue and the applicant may submit a formal appeal to the Cabinet Secretary.

## **APPEAL PROCEDURE**

In accordance with the 44 CFR, any eligible applicant may appeal any state or FEMA decision regarding projects submitted for HMGP funding under the following appeal guidelines. In New Mexico, this process will be followed for all HMA grant programs unless another process is specified by FEMA.

- 1) The appeal package must contain documentation that justifies the request for reconsideration such as but not limited to:
  - a. a necessary change in the scope of work
  - b. an increase in the cost of available materials
  - c. new or corrected information
  - d. reviewer oversight from lack of documentation
- 2) The appeal must be in writing and signed by the entity's Authorized Organizational Representative or chief elected official.
- 3) The appeal must be submitted by the subrecipient to the recipient within 30 days of the date of written notice of the determination being appealed.
- 4) It is a responsibility of the SHMO, based on the appeal received, to determine which appeals are sent on to FEMA, however, all appeals must be submitted to ASB Leadership prior to submitting to FEMA, collectively, unjustified appeals at the state level will be determined.
- 5) If supported, the appeal will be reviewed by the SHMO and sent with a state determination letter to FEMA within 60 days of the original determination being appealed or within 30 days of receipt of appeal from subrecipient – whichever is the shorter time frame.

The second and final appeal must follow the same guidelines outlined in 1) for the appeal package including the same timeframes.

## **SUB-GRANT CLOSE OUT**

*See Attachment 10: Sub-grant Close Out Checklist*

The subrecipient must notify DHSEM when the project is complete, ready for final inspection, close-out, and audit.

In keeping with program regulations in 2 CFR 200.344 (d), funds not disbursed by the recipient within the approved FEMA period of performance will be de-obligated and returned to FEMA.

In accordance with 2 CFR 200.329 and 200.334 the subrecipient is required to keep complete records of all work, i.e. receipts, checks, job orders, contracts, equipment usage documentation, and payroll information. These records must be retained for three years from the grant close-out date, or after any litigation claim, negotiation audit or other action has been resolved, whichever is later. During this three-year period, all project documentation is subject to random audits. A final audit of accounting and reporting documents will take place after the project is completed. If there is a state share, the subrecipient is required to retain records for not less than six years.

DHSEM is committed to provide federal entities access to records as requested per 2 CFR 200.337.

## ***EQUIPMENT***

Subject to the obligations and conditions set forth in 2 CFR 200.313, title to equipment acquired under a grant or sub-grant will vest upon acquisition in the recipient or subrecipient respectively. In accordance with 2 CFR 200.311, 200.313 and 200.313(d), DHSEM will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures.

Procedures to properly manage (including replace) equipment are being developed under DHSEM adopted policy (Policy No. GEN 604), effective June 30, 2017, which will address compliance with 2 CFR 200.310. It will ensure provision of equivalent insurance coverage for any equipment acquired with federal funds as provided, 2 CFR 200.312, and outline requirements to maintain, track and report status of federally-owned property.

Other recipients and subrecipients will refer to the following bullets:

- Equipment shall be used by the recipient or subrecipient in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a federal agency.
- All equipment acquired by the state or its subrecipients from any source and having a value greater than the State threshold of \$2,000.00 is inventoried and documented on an

annual basis in accordance with rules and regulations of the New Mexico General Services Department.

- Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- Disposition of any property obtained through federal funding of hazard mitigation grants will be made in accordance with 2 CFR 200.313 (e).

#### ***AUDIT***

If the subrecipient received over \$750,000.00 total funding from federal programs they may be required to provide DHSEM a copy of their audit performed for the year (2 CFR 200.501).

#### ***OVERPAYMENT***

Overpayments must be refunded and made payable to DHSEM within 30 days of DHSEM notification to the subrecipient. Upon determination of overpayment, communication is provided to subrecipient via electronic or manual means based on how the subrecipient is set up in the State's financial system. Internal accounting then sets up due-to and due-from accounts to ensure proper record keeping and internal control.

#### ***CAPITAL OUTLAY***

If state funding is made available through a State Legislature Appropriation, Capital Outlay for example, DHSEM will serve as the pass-through entity. A DHSEM – local/tribal grant will be utilized for the Capital Outlay funding which will serve as a portion of the non-federal match. In addition, a State/local or tribal sub-grant agreement will be utilized for the federal share and remainder of the non-federal match. Additional detail on Capital Outlay Grants is described in the DHSEM Capital Outlay Standard Operating Guidelines. If Capital Outlay funding is used, the records would be maintained for not less than six years.

#### ***RECORDS RETENTION***

If a state agency applies for funding, the match would be identified at the time of their application submittal and would be through their existing state general fund budget or through a special state legislative appropriation. If the application was submitted and approved for funding, the records would be maintained for not less than six years.

FEMA has final approval authority for the funding of all projects.

## **STATE MANAGEMENT COSTS (SMC)**

State Management Costs (SMC) are used in implementing the Hazard Mitigation Grant Program, Hazard Mitigation Grant Program – Post Fire, Pre-Disaster Mitigation, and Building Resilient Infrastructure and Communities in accordance with the most recent FEMA guidance.

State Management Costs are utilized by DHSEM for direct costs to manage and oversee the grant. SMC will be identified and submitted to FEMA in an SMC specific application, and could include the staff or consultant time for application development, engineering/appraisal review costs, administration of the grant, administration of the sub-grant, post-award project oversight and similar. Eligible payroll may be charged to State Management Costs if approved by the Cabinet Secretary. SMC may also be used for additional staff to manage the HMGP process (e.g. reservists, temporary hire, temporary Hazard Mitigation Specialists and similar). Management costs may also include necessary training, travel, and materials associated with administering the grants.

If the state chooses to hire a contractor to assist with application development, project oversight, plan review or management of the Mitigation Program, all applicable federal and state procurement regulations will be followed, and documentation retained. Tracking, invoicing, and back-up will also be maintained for the records.

At this time, the state will not be requesting Advance Assistance. Advanced Assistance would be used to cover the costs of developing applications for HMGP funding. The 75/25 cost share would apply and the amount utilized for Advance Assistance would be included in the HMGP ceiling for any specific disaster.

At this time, the state will not formally request that FEMA delegate responsibilities for additional duties for administration. New Mexico will not participate in the Program Administration by States (PAS) option.

For major disaster declarations between November 13, 2007 and the implementation of the DRAA, the HMGP State Management Cost rate was 4.89% of the projected total grant award. With PDM 14, the state requested our first award of SMC from non-disaster grants. SMC was also awarded under PDM 16, 17, 18, and 19 and it has been requested as part of BRIC 2020. The SMC calculation under the non-disaster grants is based on the NOFO for each associated year.

Due to changes stemming from the DRAA and beginning with 5281 HMGP-PF, the SMC rate is now calculated as 10% of the projected total grant award. Following the implementation of the DRAA, SMC is 100% federal funds that do not require non-federal match.



Subrecipients do not receive a share of the state management costs allocated to the state. They are eligible however, for subrecipient management costs as described on pages 53-55.

## **APPLICATION**

The state will submit an application for State Management Costs upon notification of the amount available. The application includes a description of the tasks that will be implemented, staffing pattern showing all staff/contractors that will implement the grant and a cost estimate. For HMGP, the state has the option to submit for 25% of the initial State Management Costs, 35% of the 6-month lock-in for State Management Costs, and 100% (or the amount remaining) of the 12-month lock-in for State Management Costs. Upon approval by FEMA of the revised State Management Cost approach described here-in, revised State Management Cost applications will be submitted for review and approval.

For HMGP-PF, the state will submit for the full amount of State Management Costs, as is allowable.

PDM and BRIC have both required that SMC applications be submitted by the grant application deadline. The amount available is calculated at 10% of the projects total project costs for all sub-grants submitted under the grant. Should an application not be selected for further consideration or withdrawn, the state's SMC application must be revised to reflect only 10% of the awarded total project cost.

## **REPORTING**

The SHMO will submit quarterly performance reports to FEMA Region VI based on the NEMIS, eGrants, or FEMA GO protocol. Recipient quarterly performance reports will be filed with FEMA according to the schedule below.

- 1st federal quarter (October–December) due January 30
- 2nd federal quarter (January–March) due April 30
- 3rd federal quarter (April–June) due July 30
- 4th federal quarter (July–September) due October 30

The Grants Unit will submit quarterly financial reports to FEMA Region VI based on the NEMIS protocol. Recipient quarterly financial reports will be filed with FEMA according to the same schedule (above).

The Sub-grant Analyst and the Financial Specialist prepares the quarterly report data. As is the current practice, if requested by FEMA Region VI, the Financial Specialist or Sub Grants Analyst will supply record keeping detail such as contracts, invoices, payroll, etc.

In accordance with 2 CFR 200.329 and 200.334 the recipient is required to keep complete records of all work, i.e. receipts, checks, job orders, contracts, equipment usage documentation, and payroll information. These records must be retained for three years from the grant close-out date, or after any litigation claim, negotiation audit, or other action has been resolved, whichever is later. During this three-year period, all project documentation is subject to random audits. A final audit of accounting and reporting documents will take place after the project is completed.

### ***SPEND PLAN***

The state will participate in the accurate budgeting and forecasting of the Spend Plan for HMGP Disasters declared after October 30, 2013. The State will identify funding priorities for projects, forecast funding needs for future months, and revise projections as requested by FEMA. The Spend Plan is coordinated between the SHMO and the FEMA Mitigation Program POC.

### **EXPENSE TRACKING**

Through December 31, 2017, payroll was tracked on a monthly basis for each full time DHSEM employee that provided direct grant or sub-grant oversight. In addition, time spent on eligible costs not directly chargeable to a specific project that were reasonably incurred by the grantee in administering and managing an HMGP grant award were also recorded in the timesheet. The SHMO approved all timesheets for costs associated with HMGP State Management Costs. See past Mitigation Program Standard Operating Guidelines for more timesheet tracking detail.

From January 1, 2018 to July 30, 2018, payroll was tracked on a monthly basis for each full time DHSEM employee that provided direct grant or sub-grant oversight, as was consistent with DHSEM policies and procedures. Time spent on HMGP or PDM grant-specific activities were charged to the grant specific State Management Costs. In addition, time spent on eligible costs not directly chargeable to a specific project that are reasonably incurred by the grantee in administering and managing an HMGP grant award were also recorded in the timesheet; examples include program budgeting, program meetings, preparation for monitoring visits, and other FEMA coordination. The SHMO approved all timesheets for costs associated with HMGP or PDM State Management Costs. The SHMO also approved all timesheets in the SHARE system.

As of July 1, 2018, payroll for the four full-time employees that provide direct mitigation grant or sub-grant oversight was covered closer to 50% by a different grant source (Emergency Management Performance Grant). State Management Costs for eligible payroll were charged to the grant specific State Management Costs. As allowed by agency policy, extra hours worked and overtime may be charged to State Management Costs if approved by the Cabinet Secretary. Extra hours and overtime pay were not charged to EMPG.

Starting August 1, 2018, DHSEM implemented a new agency-wide ‘Time and Effort Timesheet’, in addition to the SHARE-HCM timesheet, in accordance with DHSEM policy and procedure. Time was tracked in a standard Excel timesheet in 30-minute increments. Both employee and supervisor signed the timesheet and submitted to ASB for record keeping. See DHSEM policy and procedure for more detail.

In October 1, 2018, DHSEM reported time using only the SHARE-HCM timesheet and not the Excel timesheet. Time continued to be tracked in 30-minute increments. Each employee had a standard profile based on the source of funding. Any deviation from the standard profile required a combination code to be entered in order to charge the correct grant or funding source. Both employee and supervisor sign the timesheet in SHARE. See DHSEM policy and procedure for more detail (Policy No. FIN-114).

Starting November 1, 2018, the Mitigation Unit re-started the Excel tracking procedure with also formally entering all time within the SHARE-HCM timesheet process. Due to the lack of granularity in the data tracking within SHARE, it was determined that the Excel logs were prudent to keep on hand. Time in SHARE and in Excel continued to be tracked in 30-minute increments. Each employee had a standard profile based on the source of funding. Any deviation from the standard profile required a combination code to be entered in order to charge the correct grant or funding source. Both employee and supervisor sign the timesheet in SHARE. See DHSEM policy and procedure for more detail (Policy No. FIN-114).

For State Fiscal Year 2020 (July 1, 2019 to June 30, 2020), FEMA Region VI agreed to Phase I of an ‘EMPG Pilot’ to allow the state to build Mitigation Program capabilities. EMPG19 was the first year that the grant was used to cover the full-time salaries of the three Mitigation Specialists. The approach of using EMPG to fund the three mitigation specialist positions was used so that when the State Management Costs for HMGP and PDM were completely expended, the state would still be able to maintain the level of technical assistance to locals, continue to oversee/expend grant/sub-grant funding, and maintain compliance with the mitigation planning requirement. EMPG was used to cover salaries so that the HMGP/PDM State Management Costs could cover the expenses associated with HMGP/PDM-specific-overtime, engineering/administrative contracts and other direct expenses.

Starting July 1, 2019, the standard profile for the SHMO and three Mitigation Specialists was a 50% federal share and 50% non-federal share split. Mitigation program staff would only charge the HMGP or PDM State Management costs for salary and benefits if extra hours or overtime was worked. Any deviation from the standard profile (50/50 EMPG) required a combination code to be entered in order to charge the correct grant or funding source. Both employee and supervisor sign the timesheet in SHARE. See DHSEM policy and procedure for more detail (Policy No. FIN-114).

In addition to recording the number of hours worked per day in the SHARE system, Mitigation Program staff track their time in an Excel spreadsheet to identify the tasks and project-specific work being accomplished. If a task is related to a specific grant, that grant is identified on the Excel spreadsheet. This detailed tracking allows the SHMO to track the amount of time spent on specific projects and tasks for planning and assignment purposes. Although salary and benefits for regular work hours was being charged to EMPG, tracking for planning purposes continued to identify a specific grant when applicable.

Monitoring for Phase I of the EMPG Pilot could include; testing to confirm that hours charged to EMPG did not include extra hours worked or overtime payout; comparing the actual expenses for salary and benefits to the level of effort identified per staff person in the EMPG quarterly reporting; and/or reviewing the detailed Excel spreadsheets to confirm that all activities are eligible under EMPG.

For State Fiscal Year 2021 (July 1, 2020 to June 30, 2021), FEMA Region VI agreed to Phase II of the 'EMPG Pilot' to allow the State to continue to build Mitigation Program capabilities. Starting July 1, 2021, Mitigation Program quarterly performance reporting will include activities for the SHMO and the three Mitigation Specialists. The Mitigation Specialists will continue to maintain detailed Excel spreadsheets to record each 30 minutes of activity. If a specific mitigation grant is being worked on, that funding source will be identified on the timesheet in addition to a brief description of the activity. If a specific sub-grant is being worked on, that sub-grant number is also recorded on the timesheet. Salaries are only being billed to mitigation State Management Costs (HMGP or PDM) if the staff person works overtime. The timesheets will be provided to FEMA as requested. The intent of Phase II is to show that the Mitigation Program can accomplish many more plan reviews and projects with three full-time Mitigation Specialists than if only the SHMO was funded. The SHMO will maintain a timesheet for extra hours worked only.

Monitoring for Phase II of the EMPG Pilot could include the items listed above for Phase I in addition to comparing the increase in quarterly accomplishments recorded for the Mitigation Specialists in the EMPG quarterly reporting. Quarterly reporting will break out accomplishments of the SHMO separately from accomplishments of the three Mitigation Specialists.

## **SUBRECIPIENT MANAGEMENT COSTS (SRMC)**

Section 324(a) of the DRRRA allows for the inclusion of subrecipient management costs within project and planning applications, including any indirect cost, direct administrative cost, and any other administrative expense associated with a specific project under an HMA grant award. Changes to Section 3224(a) of the DRRRA do not impact the definition of eligible management cost activities identified in the Hazard Mitigation Assistance Guidance (2015).

Section 324(b) of the DRRRA established management cost rates under HMGP as follows:

- recipients will be reimbursed not more than 15% of the total amount of HMGP award of which not more than 10% may be used by the recipient and 5% by the subrecipient.
  - If a state and tribal government both receive a presidential declaration for the same incident within the same state, then both are recipients. As such, both are eligible to receive recipient management cost contributions up to 10%.
- FEMA will provide 100% Federal funding for management costs based on actual costs incurred up to the established rates.
- FEMA will provide all management cost funding to the recipient. The recipient must provide the subrecipient management cost funding for documented actual costs, up to 5% of the total amount of the HMGP award.
- All costs must be reasonable, allowable, allocable, and necessary as required by 2 CFR Part 200 Subpart E, applicable program regulations, and HMA Guidance (2015)
- FEMA will be providing additional policy on documenting and evaluating reasonableness as it specifically relates to management costs.
- Management cost awards must meet the uniform administrative requirements for a federal award found in 2 CFR Part 200, in particular, records retention, closeout and audit.
- Recipients' Administrative Plans must include procedures for monitoring and reporting on subrecipient management costs before receiving funding for management costs under this policy.

## **FUNDING**

Beginning in 2021, notification of the availability of SRMC will be included in the funding announcement released by DHSEM following a presidential disaster declaration or the Notice of Funding Opportunity. Subrecipients who chose to apply for SRMC funds will include the intention in the Notice of Interest (NOI) to initiate the application process. The NOI will include an option to decline SRMC.

Subrecipients may only request SRMC as part of a complete application packet, with award concurring with the award of total project funding. Subrecipient management cost awards will be

available to the recipient at the time of award based on the total non-management cost HMGP project amount.

Subrecipients will only be reimbursed for actual management costs. Those costs that are unable to be validated, or are deemed unreasonable, will be deobligated in accordance with the sub-grant agreement.

All contractual agreements associated with the project or SRMC award must be pre-approved by DHSEM.

## **APPLICATION**

To apply for available management costs, the subrecipient must apply to and meet the application and submission requirements found in FEMA HMA Guidance (2015) and must meet all applicable state deadlines and requirements. DHSEM will not award SRMC unless the application is approved by FEMA.

If SRMC is requested, the application packet must include information on the administration of Sub-MC funds to include

- Monitoring and reporting procedures
- Certification that quarterly reporting will be completed on time
- Certification that close out documentation requirements will be met

For major disaster declarations made on or after August 1, 2017, and prior to October 5, 2018, recipients and subrecipients may apply for actual expenses of management cost activities in instances where previous rates did not cover allowable costs incurred based on the lower rates but not up to more than 10% of the total award for recipients, or up to more than 5% for subrecipients. This applies to awards and sub-awards covered under this policy that have been closed out or are still open under major disaster declarations prior to the issuance of this policy.

Each sub-recipient will designate a Point of Contact and Authorized Agent in the application that will be the primary contact on all matters relating to the project application and award management. This point of contact will have the authority to commit to and receive Federal funds.

Sub-recipients are responsible for submitting complete, accurate project applications to the State. SRMC will be included as part of a project or planning application. The application procedure will follow the same steps outlined beginning on page 32.

## **RESPONSIBILITIES**

Upon award, SRMC will be included as part of the overall project sub-grant agreement. The award of SRMC at 100% federal share or a notation that the sub-grantee has declined SRMC will be addressed within the sub-grant agreement. SRMC will be reported along with the project activities on all Quarterly Reports but invoiced separately to maintain proper tracking of the required non-federal match for the rest of the project.

## **REIMBURSEMENT**

*See Attachment 9: DHSEM Invoice*

The subrecipient will reconcile management costs against actual costs of the total award on a quarterly basis. Advance requests of funding for subrecipient management costs are not eligible. Quarterly Reports and Invoices are required on a quarterly basis, according to the schedule on pages 39-40. Funds will not be released if Quarterly Reports are outstanding. Requests for SRMC reimbursement will be submitted in a stand-alone standard DHSEM Invoice and not as part of the overall project request for reimbursement. This is to maintain proper tracking of the non-federal match since there is a 0% match requirement for SRMC and a minimum 25% non-federal match requirement for the awarded project.

## **MONITORING AND CLOSE OUT**

DHSEM will withhold the final 15% of the SRMC until the subrecipient completes the last non-management SOW activity associated with the project. The subrecipient can claim management costs incurred up to whichever of the following occurs first:

- 90 days after work is completed for the non-management cost HMGP project for the declaration; or
- the POP expiration date of the sub-grant agreement.

This is referred to as the period of availability. The period of availability may be extended only at the written request of the sub-recipient with supporting justification and may not infringe on the grant close out and liquidation period.

For sub recipient management cost awards over \$250,000.00, DHSEM will develop an agreement with the sub-recipient that outlines the release of funding. The agreement will define subrecipient responsibilities and the process for reviewing funding on an incremental basis.

Allowable costs associated with administering the program are authorized in accordance with 2 CFR Part 200 and any other applicable federal regulations.

## **GRANT ADMINISTRATION**

DHSEM will serve as recipient for project financial management in accordance with 2 CFR Part 200 and any other applicable federal regulations. Subrecipients are accountable to the recipient for funds that have been awarded.

DHSEM will adhere to measures, as part of general administrative practices, to safeguard protected personally identifiable information (PII) and other information the federal awarding agency or pass-through entity designates as sensitive per 2 CFR 200.303(e)

The Sub-grant Analyst maintains necessary financial documentation and progress reports to support funds distributed to subrecipient(s). The Grant Specialist maintains the official files on administering the sub-grants.

The Sub-grant Analyst tracks cost overruns, audits and appeals, and forwards documents to the SHMO for Mitigation Unit records and to Grants Manager for Grants Management Unit approval and the grant file.

No advancement of project funds will be made on grant-based projects. Federal funds for a recipient's approved project will be disbursed on a reimbursement basis. The subrecipient will complete the work associated with the project, then request funds from DHSEM for work completed and submit all supporting documents required by DHSEM for review, approval and verification. The subrecipient, with approval from DHSEM, can divide the project into phases for funding purposes. Although 2 CFR 200.305 b (8) ii makes allowances for interest earned on advances, it is not relevant to DHSEM and its subrecipients. DHSEM and its subrecipients do not accumulate any interest on funds advanced.

The Sub-grant Analyst, or staff member designated by Grants Manager, prepares the quarterly report data for all sub-grants and State Management Costs. The financial data is reviewed by the Financial Auditor then remits to the SHMO and Sub-grant Analyst to ensure that the quarterly reporting deadlines can be met. For grants and State Management Costs, the Financial Auditor maintains record keeping detail such as contracts, invoices, payroll, etc. For the sub-grants, the Sub-grant Analyst maintains record keeping detail such as contracts, invoices, payroll, etc.

Federal Section 404 funds will be obligated by FEMA for all approved projects and supplements. The SHMO, and when applicable, in coordination with Grants Manager will submit required documentation through the GAR to the FEMA Regional Administrator in order to receive federal funding. Documentation may also be submitted to the FEMA Region VI identified Point of Contact. The Grants Management Unit will coordinate with Financial Services Unit to ensure proper coding of these funds into the disaster specific HMGP budget string at DHSEM. DHSEM does not request any cash advances for grants covered under HMA. The agency will draw funds against applicable and eligible expenditures, via Smartlink, or any designated federal systems, on



a regular basis. Because the state does not advance HMGP funds there is no interest earned and/or tracked.

The approved projects under the state's grant will be the basis for a sub-grant by the state to the applying entity. All approved projects will be subject to the cost sharing provisions (75% federal share / 25% local share) established by the Hazard Mitigation Assistance cost share guide. The state reimburses up to 75% of eligible and qualified project expenditure to subrecipients. Federal and non-federal funds will be tracked by project for reconciliation against disaster specific HMGP budget string in accordance with 2 CFR 200.302.

Matching funds for state and local governments share will not be obtained from other federal programs unless applicable federal laws specifically authorize such usage. A certification signed by the applicants' CFO must be received with the Notice of Interest verifying availability on 25% non-federal match.

In determination and documenting fair market value of property, volunteer services and third-party donations, DHSEM will adhere to 2 CFR 200.307 as well as references to comparable values of similar goods and services obtained by sub recipients and/or SAA.

DHSEM will expend and account for grant funds in accordance with state laws and procedures for expending and accounting for its own funds. See 13-1-1 through 13-1-199 NM State Annotated 1978: [www.conwaygreene.com/nmsu/lpext.dll?f=templates&fn=main-h.htm&2.0](http://www.conwaygreene.com/nmsu/lpext.dll?f=templates&fn=main-h.htm&2.0)

DHSEM will adhere to the following fiscal control and accounting procedures:

- 1) Provide accurate, current, and complete disclosure of the financial transactions made by the subrecipient in relation to the grant.
- 2) Track the cost share requirements through the quarterly reports which are submitted by the subrecipient on the four established dates – January 15, April 15, July 15, and October 15 and, in addition, through the states grants management system.
- 3) All DHSEM financial records will adequately identify the source and application of funds provided to subrecipients and, in addition, will contain information pertaining to grant or sub-grant awards and authorizations obligated and un-obligated balances, assets, liabilities, outlays or expenditures.
- 4) DHSEM will ensure adequate safeguards are instituted to effectively control and establish accountability for all grant and sub-grant cash, real and personal property and other assets and ensure it is used solely for authorized purposes.
- 5) Actual expenditures or outlays will be compared with budgeted amounts for each grant or sub-grant. All other requirements of the grant or sub-grant as related to unit cost information will be adhered to.

DHSEM and subrecipients will follow applicable CFR cost principles, agency program regulations, and grant/sub-grant agreements to determine if all associated costs are reasonable and allowable.

- 1) Applicable accounting records will be substantiated by adequate source documents such as proof of payments, cancelled checks, paid bills, payrolls, and time and attendance records.
- 2) DHSEM will review the adequacy of the financial management system of any applicant as part of a pre-award review or at any time subsequent to the award.

Allocable costs: (OMB Guidance 200.405) A cost is allocable to a particular federal award or other cost objective if the goods or services involved are chargeable or assignable in accordance with relative benefits received. This standard is met if the cost:

- 1) Is incurred specifically for the federal award;
- 2) Benefits both the federal award and other work of the non-federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
- 3) Is necessary to the overall operation of the non-federal entity.

**Note:**

Planning training is an allocable cost if incurred for a Hazard Mitigation Plan only. BCA, EHP, or other training is not an eligible cost.

***PROGRAM INCOME***

To handle and monitor program income generated by subrecipients, DHSEM will adhere to 2 CFR 200.307, specifically 2 CFR 200.307(e)(1) if Federal Agency does not specify in its regulations or terms and condition of the federal award, or give prior approval of how program income is to be used. If applicable, ordinary program income must be deducted from total allowable costs to determine the net allowable costs.

**PROCUREMENT**

Recipients and subrecipients use their own procurement procedures which reflect applicable state and local laws and regulations, provided that the procurements conforms to applicable federal law and the standards. For reference to state of New Mexico Procurement Regulations, the link is:

<http://www.generalservices.state.nm.us/uploads/files/SPD/Presentations/1%204%201%20NMAC.pdf>

DHSEM commits to completing a review of all legally binding agreements issued by the subrecipient for the completion of sub-grant related tasks, prior to release or execution.

Procurement standards will comply with 2 CFR 200.320, 2 CFR 200.113, 200.317, and 200.318, as well as state of New Mexico Procurement Code which specifically include:

- 1) When procuring property and services under a grant, agencies of the state of New Mexico will follow the same policies and procedures used for procurements from its non-federal funds. The state will ensure that every purchase order or other contract includes any clauses required by federal statutes and executive orders and their implementing regulations.
- 2) DSHEM will ensure, in accordance with 2 CFR 200.319-320, that open and fair competition for procurement is supported by processes of periodic internal review and monitoring, including the activities related to sub recipients procedures using one of the methods including micro-purchases, small purchases procurement, invitation of bids, request for competitive proposals.
- 3) DHSEM will adhere to take all necessary affirmative actions as described in 2 CFR 200.321 to assure that minority businesses, women's business enterprises, and labor surplus firms are used when possible.
- 4) DHSEM will perform cost or price analysis in connection with contract procurement, as applicable, in accordance with 2 CFR 200.324. This will include, when possible, making independent estimates before receiving bids or proposals.

## **REIMBURSEMENT**

*See Attachment 9: DHSEM Invoice*

Requests for funds in accordance with 2 CFR 200.305(b):

- 1) Requests for reimbursement must be submitted in writing to the Sub-grant Analyst with supporting documentation.
- 2) The Sub-grant Analyst reviews the invoice for completeness and correctness before submitting to the Mitigation Unit POC (SHMO or Mitigation Specialist) for a programmatic review.
- 3) The Mitigation Unit POC reviews the request and supporting documentation. If all programmatic requirements are met, the Mitigation Unit POC approves the request for reimbursement or "Invoice" and returns to the Sub-grant Analyst for further processing and approval by Grants Manager.
- 4) Sub-grant Analyst reviews certification of costs, including match and processes the reimbursement.
- 5) If the request for funds is questioned, the Grant Specialist will notify the applicant in writing that additional documentation or performance is required to support the request.
- 6) The DHSEM Grants Specialist reviews the "Invoice" for fiscal accountability, prepares documentation for signature, and submission to the DHSEM Financial Services Unit to remit to New Mexico State Department of Finance and Administration (DFA) for disbursement. DFA processes the reimbursement request and either completes a direct deposit or a check is sent to DHSEM for delivery to the subrecipient.

- 7) 15% of the federal funds are held until project completion and will be payable upon close-out. A statement to this effect is included in the sub-grant agreement.
- 8) Final reimbursement will be made based upon DHSEM approval of completion, based on the special conditions wording in the sub-grant agreement. For a mitigation plan, final reimbursement will be made after receipt of the FEMA approval letter. For a construction project, final reimbursement will be made after inspection, as-built approval, maintenance plan approval, and proof of compliance with all environmental conditions.  
*See Attachment 10: Sub-grant Close Out Checklist*

### **BUDGET MODIFICATIONS**

The SHMO reviews all requests for budget and scope of work modification. If supported by the state, the SHMO will submit the request to FEMA. All requests will contain sufficient documentation to support the eligibility of all claimed work and costs. FEMA will notify the state in writing of the final determination. A denial of additional funding is subject to appeal. In no case is either FEMA or the state liable for any obligation beyond that which has been agreed to in the sub-grant agreement, as amended. Overruns will be considered at the discretion of the GAR based on available funds.

### **GRANT MONITORING**

The SHMO will monitor and evaluate the progress of the grant through review of the sub-grant statuses via quarterly reporting, site visits, in-person meetings, telephone or video calls, email, and postal mail. Construction and land disturbance projects will be visited by a Mitigation Unit POC at least twice during either a kickoff, 50%, or 100% construction inspection, or at the request of the sub-grantee. The Mitigation Unit POC may visit the project site to perform an interim inspection at any time.

The Grants Unit shall submit financial reports to the FEMA regional office 30 days after the end of the first federal quarter following the initial grant award. The recipient shall submit quarterly financial reports thereafter until the grant ends. Quarterly financial reports are to be filed on the following schedule:

- 1st federal quarter (October–December) due January 30
- 2nd federal quarter (January–March) due April 30
- 3rd federal quarter (April–June) due July 30
- 4th federal quarter (July–September) due October 30

The SHMO will submit quarterly performance reports to FEMA Region VI based on the NEMIS, eGrants or FEMA GO protocol. These reports document the early identification of projects that may need special attention and expertise by comparing completion dates with the percentage of the project that has been completed. Recipient quarterly performance reports are to be filed with FEMA according to the same schedule (above). As part of the state's mandatory

quarterly reporting requirements, the SHMO includes comments regarding special circumstances or notations about the progress of the project or plan, including State Management Cost (SMC).

The state may choose to hire a contractor to assist with management of the Mitigation Program. All federal and state procurement regulations will be followed. Tracking, invoicing and back-up will be maintained for the records.

In accordance with 2 CFR 200.329 and 200.334 the recipient is required to keep complete records of all work, i.e. receipts, checks, job orders, contracts, equipment usage documentation, and payroll information. These records must be retained for three years from the grant close-out date, or after any litigation claim, negotiation audit or other action has been resolved, whichever is later. During this three-year period, all project documentation is subject to random audits. A final audit of accounting and reporting documents will take place after the project is completed. If there is a state share, the recipient is required to retain records for not less than six years.

### **GRANT EXTENSION REQUESTS**

Should an extension of the grant period of performance be warranted, due to a delay in completion of the scope of work associated with one or more of the sub-grants, the Mitigation Unit will notify the Grants Manager and submit a state support letter justifying the extension request. The letter will include a programmatic and financial status report and an attachment detailing the following for each sub-award:

1. Verification that progress has been made as described in quarterly reports
2. Reason(s) for delay
3. Current status of the activity/activities
4. Current period of performance termination date and new projected completion date
5. Remaining available funds, both Federal and non-Federal
6. Budget outlining how remaining Federal and non-Federal funds will be expended
7. Plan for completion, including updated schedule

### **FINANCIAL MONITORING**

All requests for funds will be tracked and monitored using fund accounting which document the specific source of funding, i.e., by disaster declaration number as well as by grant funding program. All funds attributable to a specific grant program will also be documented by subrecipients in each disaster and grant program. Therefore, a subrecipient may receive grant funding in several different disasters and/or grant programs. Accounting processes will identify all subrecipients to a specific disaster or grant program but will also identify all funds disbursed by subrecipient, regardless of the program source.

Pursuant to 2 CFR 200.205 (b) DHSEM has established reasonable procedures to ensure the receipt of reports on subrecipients' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. On a monthly basis, DHSEM reconciles the internal records that are maintained for each individual sub-grant. Expenditures are posted by journal date from the HMGP SHARE budget string report furnished by the New Mexico Department of Finance and Administration (DFA). The expenditures and draws should be equal at the end of each month. In addition:

- 1) At the end of each quarter, all draws are uploaded to the Payment Management System (PMS) and then are compared to the draws recorded in DHSEM internal worksheets to verify accuracy;
- 2) Cumulative expenditures from the HMGP SHARE budget string by journal date report for each individual grant are recorded on the HHS SF425 Federal Financial Report; PARS.
- 3) Each grant has a reporting entry if the grant has a balance still to be drawn or has had activity during the quarter;
- 4) Totals are verified to ensure that the expenditures are equal to the revenue from draws for the quarter; if not, any discrepancies are reconciled;
- 5) The SF425 FFR's are submitted to FEMA Region VI within 30 days of the end of the quarter.

Systems reconciliation (2 CFR 200.302 and 200.329):

- 1) The New Mexico DFA and DHSEM work together to expend and account for grant funds in accordance with state laws and procedures for expending and accounting for their own funds.
- 2) Fiscal control and accounting procedures of the state, as well as its subrecipients and cost-type contractors, must be sufficient to:
  - a. Permit preparation of reports required by federal regulation and the statutes authorizing each grant;
  - b. Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes to include State Management Costs;
  - c. Provide accurate, current and complete disclosure of the financial results of financially assisted activities, which would include expenditures against State Management Costs, made in accordance with the financial reporting requirements of the grant or sub-grant.

DHSEM performs a monthly reconciliation of records once DFA closes the accounting period to ensure that the recipient (DHSEM) has accurate accountability for expenses and draws.

### ***INDIRECT RATES***

DHSEM currently does not use indirect rates. In the event that indirect rates are considered, DHSEM will adhere to requirements per 2 CFR 200.334(f).

### ***RECORDS***

Both the recipient and the subrecipients are required to maintain records which adequately identify the source.

Records reflecting the administration and management of federal grant programs will be maintained by the recipient and subrecipients for a period consistent with state and local records retention policies, but shall also be in conformance with policies mandated by federal regulations governing each specific grant program. For Hazard Mitigation grants, such guidance is found in 2 CFR 200.334. The state policies which mandate records retention greater than that which is required by federal regulation, will be implemented, and the records retention period would be the greater of the two.

### ***REAL PROPERTY AND EQUIPMENT***

The State will ensure that records pertaining to real property and equipment are maintained, including requirements for insurance for equipment purchased with federal funds, during the performance period as well as at the close of the grant in accordance with 2 CFR 200.311, 2 CFR 200.313, and 2 CFR 200.344.

Equipment purchased with grant funds shall be accounted for at the time subrecipient physical monitoring is conducted, or records of equipment placement available. The information gathered shall follow the State's monitoring protocol. In addition, the State will have right of first refusal for any equipment no longer needed or being used for the intent that it was purchased by the applicant.

In accordance with 2 CFR 200.312, DHSEM will assure that inventory listing of federally owned property in its custody to the federal awarding agency. Inventory tracking and maintenance is part of DHSEM internal control procedures and continuous improvements are taking place with applicable technology and development of processes. In addition, and as applicable, DHSEM will comply with 2 CFR 200.330 to submit annual reports on real property.

DHSEM, in accordance with 2 CFR 200.313(d), reviews inventory periodically to assess management, including physical inspections, potential disposition, maintenance and replacement, requirements along with applicable asset management cycles.

### ***AUDITS***

All financial, accounting and audit procedures will conform to 2 CFR 215, 2 CFR 225, 2 CFR 220, 2 CFR 230, and A-133

Final inspections and reviews of all projects will be performed in accordance with 2 CFR 200.332, and approved by the SHMO.

In accordance with OMB Circular A-133 (Single Audit Act of 1996) applicants with federal expenditures in excess of \$750,000 within their own fiscal year, will be required to have an audit completed by an independent outside auditor. This audit must be submitted to the State within 30 days after completion but not later than 6 months from their fiscal year end. The DHSEM has established a protocol related to the review of the Single Audit requirements, to include federal clearing house cursory review of audit submissions; review of audit findings for Subrecipients; as well as formal correspondence to the Subrecipient to correct deficiencies.

The procedure for ensuring compliance with uniform audit requirements is established and documented within the DHSEM monitoring protocol in accordance with 2 CFR 200.332.

FEMA may elect to conduct a federal monitoring visit on the disaster assistance grant or any of the Sub-grants.

## **DEOBLIGATION**

In the event that it is discovered that federal funds have not been used in accordance with federal financial regulations such funds will be recovered from the Subrecipient as soon as practicable and funds deposited back into the appropriate accounting operating code. Subsequently, a formal reimbursement check will be returned to FEMA. Upon close-out of the grant, any remaining excess funds will be de-obligated by request of the SHMO. (2 CFR 200.303(b)(3) and 200.305)



## **GRANT CLOSE OUT**

### **SUB-GRANT CLOSE OUT PROCEDURE**

*See Attachment 10: Sub-grant Close Out Checklist*

*See Attachment 11: Sub-grant Certification of Completion and Grant Adjustment Notice.*

Using the Programmatic Close Out Checklist the Mitigation Unit POC will verify that the sub-grantee has completed and submitted all required programmatic close out documents. The Mitigation Unit POC will assemble these documents and submit them to the Sub-grant Analyst. The Sub-grant Analyst will provide technical assistance to the sub-grantee on the final Invoice. Once the final invoice has been submitted for review, the Sub-grant Analyst then prepares a combined Certificate of Completion and Grant Adjustment Notice (GAN). The Grant Adjustment Notice identifies the amount of de-obligation of any remaining federal, state, and/or local funds. The Sub-grant Analyst will email the GAN to the Grants Manager and copy the Mitigation Unit. The SHMO will review the GAN and submit notice of approval to send to the Sub-grant analyst. Final GAN approval will be determined by the Administrative Services Department Grants Unit Manager.

Once approved, the GAN is emailed to the subrecipient for signature and returned to the Sub-grant Analyst. The Sub-grant analyst will obtain GAR signature on the GAN.

The Sub-grant Analyst and the Financial Unit Specialist then conducts an internal reconciliation and submits to the Grants Manager for review and approval. The close out packet is then submitted to and reviewed by the SHMO. Once approved by the SHMO, the packet is provided to the Grants Management Unit Auditor for review, as outlined in the requirements of Uniform Grants Management Standards.

The Sub-grant Analyst will request the GAR signature on the FEMA close-out request cover letter and submit the Project Completion Certificate and Grant Adjustment Notice with the cover letter to the Regional Administrator or FEMA Region VI identified Point of Contact along with any additional documentation required. If de-obligation is needed, the cover letter will request the specific amount to be de-obligated.

Supporting documentation may include the FEMA Approval Letter for a mitigation plan, final quarterly performance report, final financial report, photographs of construction location, as-built drawings, sample outreach/education document, reimbursement proof, contracts, etc.

Upon approval of project or plan close-out, FEMA sends DHSEM a close-out letter. The Sub-grant Analyst sends a copy of the FEMA close-out letter to the subrecipient.

## **GRANT CLOSE OUT PROCEDURE**

Upon closing the last project in a disaster funding stream, the Grants and Financial Units conduct an internal reconciliation, including State Management Costs, as outlined in the requirements of the Uniform Grants Management Standards. The Sub Grant Analyst will submit the packet to the SHMO for review and approval. The Sub-grant Analyst will then submit a request to de-obligate any remaining funds. The unused State Management Costs will be requested by the Grants Unit Analyst who tracks SMC or the Sub-grant Analyst when necessary in accordance with 2 CFR 200.346.

DHSEM will adhere to submission of financial and programmatic closeout within 120-days after the end of grant period of performance and for all financial, performance and other reports, including Final SF425 reports per 2 CFR 200.344(a).

Upon approval of grant close-out, FEMA shall forward the SHMO and the Grants Unit Manager a close out letter.

The close out of a grant does not affect:

- 1) FEMA's right to disallow costs and recover funds on the basis of a later audit or monitoring.
- 2) The recipient's obligation to return any funds due because of later refunds, corrections, or other transactions. Refund of excess federal funds to FEMA will be processed through a check made payable to FEMA. Over-payment will be mailed to FEMA Regional Administrator.

## **DEVELOPMENT AND MAINTENANCE**

All updates and or amendments to this Plan will be prepared by the SHMO and submitted through the GAR/State Director to the FEMA Regional Administrator for approval. As Attachments are updated, the SHMO will notify the Mitigation Branch Point of Contact. Approved versions of this plan will be considered for inclusion in subsequent updates of the New Mexico Emergency Operations Plan.