

New Mexico
Hazard Mitigation Administrative Plan
CFDA 97.039



Department of
Homeland Security and Emergency Management

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PLAN AUTHORIZATION AND SIGNATURE

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), and Flood Mitigation Assistance (FMA) funds awarded by the Federal Emergency Management Agency 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.

Hazard Mitigation Grant Program	Hazard Mitigation Grant Program – Post Fire	Pre-disaster Mitigation
DR-4047	FM-5184	2012
DR-4079		2014
DR-4148		2016
DR-4152		2017
DR-4197		2018
DR-4199		

M. Jay Mitchell
 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 HMGP, the Flood Mitigation Assistance Program (FMA), and the Pre-Disaster Mitigation Program (PDM). 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 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 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 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.

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 Grantee 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, 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.

DHSEM has working knowledge of 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 on mitigation to jurisdictions on mitigation planning, projects, developing Sub-grantee applications and implementing approved sub-grants;
- Prioritize and recommend Sub-grant applications to be approved by FEMA, based on the State Natural Hazard Mitigation Plan eligibility criteria described in the State Mitigation Plan;
- Award FEMA-approved Sub-grants and;
- Comply with program requirements, grant management requirements, grant agreement articles, other federal, state, tribal and local laws and regulations¹.

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)

¹ (Item #1) Designation of the State Agency responsible for program administration per 44 CFR 206.437(b)(1)

Federal

- The Bipartisan Budget Act of 2018

- The Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended by Public Law 100-707
- 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)
- Robert T. Stafford Relief and Emergency Assistance Act, as amended by Public Law 106-390 (Disaster Mitigation Act (DMA) of 2000), October 30, 2000
- FEMA Regulation, 44 CFR Part 9 – Floodplain Management and Protection of Wetlands
- FEMA Regulation, 44 CFR Part 10 – Environmental Considerations
- FEMA Regulation, 44 CFR Part 13 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- FEMA Regulation, 44 CFR Part 206 - Federal Disaster Assistance for Disasters Declared on or After November 23, 1988
- FEMA Regulation, 44 CFR Part 201 – Mitigation Planning
- 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
- FEMA Regulations, 2 CFR Part 200
- 2 CFR 200.300(b) Statutory and national policy requirements
- Provisions of FFATA (Federal Funding and Transparency Act)
- 2 CFR 25, universal identifier and central contractor registration
- 2 CFR 170, reporting sub-award and executive compensation information
- The Federal Award itself
- Section 6002 of the Solid Waste Disposal Act

Definitions and Acronyms

Administrative Services Bureau (ASB): responsible for providing administrative support to the Mitigation Program.

Applicant: State agency, local government, Indian tribal government or eligible private nonprofit organization as defined in Part 206-431, subpart N, 44CFR, submitting an application to the Grantee for assistance under the Hazard Mitigation Grant Program.

Application (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, Part 206.436)

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.

Cap: The maximum dollar amount that may be provided to a Grantee for management cost funds for a single declaration pursuant to 44 CFR § 207.5(c) of Part 207.

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.

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 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.

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.

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.

Flood Mitigation Assistance (FMA): State administered cost-share program through which states and local communities can receive grants for flood mitigation planning; flood mitigation projects; and, FMA technical assistance. It is a federal grant program, similar to the Hazard Mitigation Grant Program; however, FMA provides funds on an annual basis so that measures can be taken to reduce or eliminate risk of flood damage to buildings insured under the NFIP. FMA includes provisions to mitigate Severe Repetitive Loss (SRL) and Repetitive Loss (RL) properties. Grant funds are made available from NFIP insurance premiums, and therefore are only available to communities participating in the NFIP. FMA funds are 75% federal funds with 25% non-federal. Federal funding percentage can increase if the property meets the definition of small impoverished community or if the individual property is part of a repetitive loss strategy (§ 1366 of National Flood Insurance Act of 1968, as amended, 42 USC 4104c and implemented at parts 78 and 79). Most of the information that an Applicant or sub-applicant needs to apply for an FMA award or that a Grantee or Sub-grantee needs to manage an FMA award is provided in Parts I through VII, and Part IX of this document.

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. The maximum total HMGP grant amount available to the State will be 15% of the estimated total federal share of approved projects for permanent restoration under Section 322 of the Stafford Act (Public Assistance Categories C through G).

The State will qualify for 20 percent after presenting and receiving approval of an “enhanced” State Natural Hazard Mitigation Plan.

Grantee: A government to which a grant is awarded and which is accountable for use of the funds provided. The Grantee is the entire legal entity even if only a particular component of the entity is designated in the grant award document. The State of New Mexico is the Grantee for purposes of Part 206 of 44 CFR except as noted in 206.436(g) (1) ((g) Indian tribal Grantees. Indian tribal governments may submit an SF 424 directly to the Regional Administrator.)

HMPG Lock-in Ceiling: The level of HMGP funding available to a Grantee 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 (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.

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 Grantee 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 Grantee 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. The 12 month lock-in determines the final amount. Up to 75% of the 30 day or six month lock-in can be awarded for each HMGP project type (regular project, planning and 5% initiative).

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

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.

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.

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, 42 U.S.C. 5133.

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.

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 percent 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: 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: State agency, community, or Indian tribal government submitting an application for planning or project activity to the applicant for assistance under the HMGP, FMA or PDM programs. Upon grant award, the Sub-applicant is referred to as the Sub-grantee.

Sub-grant: An award of financial assistance under a grant to an eligible Sub-grantee or applicant.

Sub-grantee: The government or other legal entity to which a Sub-grant is awarded and which is accountable to the Grantee for the use of the funds provided. Sub-grantees may be a state agency, local government, private non-profit organization, or Indian tribal government as outlined in 44 CFR, Part 206.431.

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.

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 ASSIGNMENT OF RESPONSIBILITIES

Organization

State Hazard Mitigation Officer (SHMO)

The SHMO is designated to coordinate activities and serve as the responsible individual for project management, administration of funds and all matters related to HMGP, PDM and FMA programs. Furthermore the SHMO is designated by the Governor's Authorized Representative. 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, or their designee, will:

- Review and update 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;
- Ensure all potential applicants are notified of the program and receive assistance to which they are entitled;
- Ensure a proper initial application and any other necessary supplemental material, including SF-424, are submitted in a timely fashion to the FEMA Regional Administrator;
- Ensure technical assistance is provided to potential applicants or eligible Sub-grantees by organizing conference calls between FEMA specialists and the Sub-grantee throughout the application process and the subsequent grant management when appropriate;
- Contribute to development of adequate procedures developed for the distribution of financial assistance to eligible Sub-grantees;
- 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;
- Ensure that appropriate federal and state agencies are on the State Hazard Mitigation Team and are involved as necessary with the hazard mitigation process;
- Ensure that Section 404 requirements are met and closely tied to administration of Section 404 Grant Program;
- Encourage participation of the appropriate local agencies and provide technical assistance in the administration and implementation of Section 404 programs;
- 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;

- Maintain a spreadsheet on all active mitigation projects to ensure reports are received and the Period of Performance (POP) for each disaster is adhered to;
- Maintain operational awareness of project by quarterly reports and site visits to ensure project is progressing within established timelines;
- Monitor and evaluates project accomplishments and adherence to work schedule within the POP timeframe;
- 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;
- Coordinate project actions with ASB and provides technical or administrative assistance as required in administering the mitigation program;
- Process appeals and notifies applicants of project application denials.

Grants Unit Manager

The Grants Unit Manager provides grants management oversight and administration of compliance activities for DHSEM, including but not limited to, ensuring:

- Development and implementation of adequate procedures and processes to administer and manage grant and Sub-grant level compliance, internal auditing, financial reconciliations, reporting, monitoring and performance for the department;
- Development of systems to monitor progress and completion of approved projects in federally required time frames;
- Systems exist to monitor Sub-grantee accounting; reporting and administrative systems, and that Sub-grantees are in compliance with 44 CFR and 2 CFR, A-133 requirements.

Sub-grant Analyst

The Sub-grant Analyst provides administrative compliance support with Sub-grantees to ensure applicable procedures, reporting, and monitoring, including but 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 professional contracts entered in to by the Sub-grantee-
 - 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. See Mitigation Program Standard Operating Guidelines for more detail as applicable.
- 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 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 technical assistance as required to Sub-grantee(s) in regard to finances, reimbursements and budget changes.

SHMO and Grants Management Unit work closely to assure coordination on all activities. See Mitigation Program Standard Operating Guidelines for more detail as applicable.

Staffing

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

- a) Preparedness Bureau Chief
- b) State Hazard Mitigation Officer
- c) Mitigation Specialists
- d) State Floodplain Coordinator
- e) Administrative Services Bureau Chief
- f) Grants Unit Manager
- g) Mitigation Sub-grant Analyst

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

- h) Other DHSEM employees
- i) Other state/federal agencies
- j) Temporary Mitigation Specialists (State temporary hire and/or contractor hire)
- k) 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.

Responsibilities

DHSEM will represent the State, as Grantee. The GAR 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 Grantee and Sub-grantee 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 Grantee and required quarterly reporting is submitted to FEMA on all open projects.

Grantees:

The GAR and/or SHMO will notify Sub-grantees when the project is approved and a Sub-grant Agreement with the State has been drafted. The SHMO will provide to the Sub-grantee additional information concerning administrative procedures, audit requirements, suspense dates, interim inspections, and project completion dates.

The SHMO will monitor and evaluate the progress of hazard mitigation projects via quarterly financial and performance reporting (to ensure reimbursement requests are in line with project completion time lines), site visits, telephone calls, e-mail, and postal mail throughout the project. For construction projects, the SHMO will visit the project site at the request of the Sub-grantee 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.

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 Grantee 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 or eGrants protocol. These reports will allow the early identification of those projects that need special attention and expertise by comparing completion dates with the percentage of the project that has been completed. Grantee quarterly performance reports are to be filed with FEMA according to the same schedule (above). As part of the Sub-grantee quarterly performance report, 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 200.328 and 200.333 the grantee 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 grantee is required to retain records for not less than six years.

Sub-grantees (sub-applicants):

Sub-grantees are accountable to the Grantee 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 Sub-grantee are to be submitted to DHSEM for approval prior to execution. A final signed copy is placed in the Sub-grant folder for reference.

Quarterly performance reports and quarterly financial reports (**Attachment 2: Sub-grant Orientation Packet, page 4 and 5**) from Sub-grantees are due on the 15th of the month following the end of the 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 Sub-grantee 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 jurisdiction to reimburse FEMA through the State for project funds already received.

In accordance with 2 CFR 200.328, DHSEM will approve Sub-grants for the maximum FEMA Period of Performance minus 90 days to allow for adequate final reimbursement and close-out before the performance expiration date. The most recent HMGP guidance defines the performance period as being 36-months from the closing date of the application period for HMGP. PDM and FMA Notice of Funding Availability will determine the start and end date of the Period of Performance.

In order to request a Period of Performance 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 Extension Request Form, must include a justification for the extension and a revised project schedule. See the Extension Request Form (**Attachment 2: Sub-grant Orientation Packet, page 10 and 11**). After the Sub-grant Period of Performance is approved by DHSEM, a Sub-grant Amendment will be provided to the Sub-grantee for signature.

Extension requests in excess of the FEMA Period of Performance will be reviewed by DHSEM and, if supported, will be forwarded to FEMA. An extension beyond the FEMA Period of Performance must have compelling justification and receive prior approval.

In order to request a change to the FEMA approved cost estimate or Scope of Work, a Request for Budget Change/Scope of Work must be submitted justifying the need along with a revised budget and/or detailed revised Scope of Work. For a budget change, a new funds commitment letter and revised SF424 must also be submitted. DHSEM must pre-approve any change to the budget. See the Request for Budget Change/Scope of Work ([Attachment 2: Sub-grant Orientation Packet, page 9](#)). After the Sub-grant budget is approved by DHSEM, a Sub-grant Amendment will be provided to the Sub-grantee for signature.

FEMA must pre-approve any non-construction budget change that is either more than 10% of the total project cost or increases the federal share. FEMA must pre-approve any alterations to the approved Scope of Work. See Mitigation Program Standard Operating Guidelines for more detail as applicable. DHSEM requires a budget change when there is any change to the line item breakdown for any plan or project.

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

In keeping with program regulations in 2 CFR 200.343 (d), funds not disbursed by the Grantee within the approved FEMA Period of Performance will be de-obligated and returned to FEMA.

In accordance with 2 CFR 200.328 and 200.333 the Sub-grantee 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 Sub-grantee 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 200.336.

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 Grantee or Sub-grantee 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 Grantees and Sub-grantees will refer to the following bullets:

- Equipment shall be used by the Grantee or Sub-grantee 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 Sub-grantees 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).

If the Sub-grantee 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 (2CFR 200.501).

Overpayments must be refunded and made payable to DHSEM within 30 days of DHSEM notification to the Sub-grantee. Upon determination of overpayment, communication is provided to Sub-grantee via electronic or manual means based on how the Sub-grantee 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.

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/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. See Mitigation Program Standard Operating Guidelines for more detail as applicable.

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.

OPERATIONAL GUIDANCE

Sub-grantee Eligibility

- 1) Local governments;
- 2) Indian tribes or authorized tribal organizations;
- 3) State agencies;
- 4) 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.

All entities must:

- 1) Have a FEMA approved Natural Hazard Mitigation Plan for all mitigation funds except planning grant 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.
- 3) Have history of managing a sub-grant of equivalent dollar amount and scope of work.

Hazard mitigation applications for projects other than planning grants 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 applicants that will have the Mitigation Plan approved within 12 months of project application submittal.

Project Eligibility

Eligible 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) May reduce the impact of any 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) Solve a problem independently or constitute a functional portion of a solution where there is assurance that the project as a whole will be completed. Projects that merely identify or analyze hazards or problems are not eligible.
- 5) 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 problem that has been repetitive, or a problem that poses a significant risk to public health and safety if left unsolved (not needed for 5% Initiative Projects);

- 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 to the problem it is intended to address;
- e. Does not permanently affect the environment or the historic integrity of the surrounding area;
- f. Considers long-term changes to the areas and entities it protects;
- g. And; has manageable future maintenance and modification requirements.

For HMGP 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 Sub-grantee 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.

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.

The project must not be funded under a previous HMGP, HMGP-PF, FMA or PDM grant. Funds cannot be used as a substitute or replacement to fund projects or programs that are available under other federal authorities, except under limited circumstances in which there are extraordinary threats to lives, public health or safety, or improved property.

Project Eligibility for the Flood Mitigation Assistance Program

Properties included in a project Sub-application for FMA funding must be NFIP-insured at the time of the application submittal. 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):

Outreach to Sub-grantees (sub-applicants)

For 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 SHMO will provide information to all potential applicants statewide announcing the availability of HMGP, giving program details, explaining the application process, general program eligibility, key deadlines, and reference to the State's mitigation web page for more information. This announcement, in the form of a letter, press release and/or web page reference information, 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. There will also not be a general HMGP-PF briefing. Notification of HMGP-PF funding will be provided to potential sub-grantees via email announcement using DHSEM list serves.

The SHMO will provide information to all potential applicants statewide announcing the availability of HMGP-PF, giving program details, explaining the application process, general program eligibility, key deadlines, and reference to the State's mitigation web page for more information. This announcement will be in the form of a letter, press release, email and/or web page reference information. The notification will occur between one and three months after DHSEM receives the funding notification. Additional, individual outreach will be conducted for the FMAG impacted communities.

State notification of funding availability for HMGP-PF (FM-5184) was released on August 17, 2018.

APPLICATION PROCEDURE

Notice of Interest (NOI)

See Notice of Interest, [Attachment 1](#)

The NOI deadline will be established for each disaster declaration (HMGP), each Fire Management Assistance Grant (HMGP-PF), PDM Notice of Funding Opportunity or FMA Notice of Funding Opportunity. The NOI deadline will be at least one month from the 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. NOIs will be due between six weeks to twelve weeks after the funding announcement is circulated. NOI due date for HMGP-PF FM-5184 is September 30, 2018.

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 State Mitigation Representative, 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 within one-year of approval. If the entity has already implemented the kick-off meeting for the mitigation plan creation or up-date, DHSEM considers the mitigation plan to be within one year of approval.

Sub-grant Orientation Packet

See Sub-grant Orientation Packet, [Attachment 2](#)

If the project meets minimal criteria, the State Mitigation Program staff or Sub-grant Analyst will review the Sub-grant Orientation Packet with the potential applicant. The packet includes a description of the standard DHSEM Mitigation Sub-grant Agreement, reviews procurement requirements, reporting requirements, Sub-grant amendments and additional detail about the responsibilities of the Sub-grantee. After the Orientation packet is signed by the applicant and State Mitigation Program, the State Mitigation Program staff will email the State application for completion. Application due date for HMGP-PF FM-5184 is November 30, 2018.

Sub-grant Orientation Packet review is repeated after FEMA award and the DHSEM Sub-grant Agreement is sent to the Sub-grantee. The Mitigation Program 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 orientation was conducted;

3. often sub-grantees want both programmatic and financial staff to participate in the meeting.

Benefit Cost Analysis

In instances where a Benefit Cost Analysis is a required eligibility criterion, the SHMO will require that the applicant submit a Benefit Cost Analysis Data Form. The State will run 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).

If the project does not appear to meet all eligibility criteria, the SHMO will suggest changes or recommend that the applicant consider modifying the elements of the project that are not eligible for funding.

Full Grant Application

See Plan Sub-grant Application [Attachment 3](#), Regular Project Sub-grant Application [Attachment 4](#) and 5% Project Sub-grant Application [Attachment 5](#).

The grant application deadline will be established for each disaster declaration. The grant application deadline will be at least two months prior to the Grantee application deadline. The Grantee deadline is typically 12 months after the date of the disaster declaration.

If pre-award costs are being requested, the application must include separate line items identifying the pre-award tasks and costs. DHSEM will accept late applications due to extraordinary circumstances such as disaster deployment or personal emergency. Suitable documentation to support and justify the reason for the late submittal are required.

The cost estimate can include up to 5% for project management. Eligible tasks under project management include contract oversight, conducting project meetings/calls, coordination with DHSEM or other project partners, professional staff filling-out sections of the quarterly reports.

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, and finalizing construction drawings. Phase II is the implementation of the construction project. As per FEMA guidance, HMGP and HMGP-PF are the only mitigation grants that allow for phasing.

For HMGP 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 Sub-grantee 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.

Facilitation of Applications

The SHMO, or their representative, 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 grant management.
- Facilitate technical assistance that may be available to Sub-grantees from state agencies for project development and guidance. Technical assistance may be available from FEMA as well.

Below is a detailed description of application review for environmental, benefit cost and floodplain compliance.

Environmental Management Review

All land disturbance applications will be subject to environmental management review.

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.

Benefit Cost Review

The State, in coordination with FEMA, will complete a technical feasibility analysis on each eligible mitigation project submitted. 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.

The screening review establishes whether the future benefits provided by the proposed mitigation activity are equal or greater than the costs associated with the project, whether the project is feasible from an engineering standpoint and whether the project will reduce damages as proposed. 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.

For all applications that have a positive BCA as a requirement, DHSEM staff or other mitigation team members will recommend that after the Notice of Interest is submitted, an initial BCA run be completed to be sure that the project is generally cost beneficial. The applicant will fill out the Benefit Cost Analysis Data Form and the State will run an initial BCA.

If an entity has the capabilities and skill to run their own BCA using the FEMA software, DHSEM will review the applicant's BCA to determine if they used the correct computer generated models and if the input data is accurate based on the supporting documentation. A more detailed method of analysis is required if the project application and data availability is complete and detailed. A limited data BCA is acceptable if the application and data is incomplete or very limited. The reviewer may suggest changes to the applicant to make the project more efficient in reducing damage and loss.

DHSEM staff or other mitigation team members will screen applications based on the BCA submitted by eligible applicants or run by the State. DHSEM staff or other mitigation team members will provide review and feedback to applicants in regard to the BCA for eligible

projects. If the initial run does not show that the project is cost beneficial, the applicant can then decide if they want to continue with the full application submittal.

Applications that are not cost beneficial will not be reviewed and ranked for consideration of funding by the State. The BCA will be used to ensure that proper consideration be given to the BCA and that only cost effective projects are reviewed. If the State's Mitigation Grant Programs become competitive in nature, the BCA may also be used as one of the scoring criteria in the ranking process.

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 Manager 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 widest range of beneficial uses of the environment without degradation to risk to health and safety.

Request for Additional Information

After the application is complete, the SHMO will submit the application to FEMA for review and approval. The submittal packet will include a State Support Letter identifying the project name, funding source, federal share, and application issues.

Any additional information that may be required by FEMA Region VI will be in the format of a Request for Additional Information (RFI) with a specific deadline for submittal. The SHMO will communicate the RFI topics and deadline to the Sub-grantee and provide technical assistance for re-submittal. Turn-around for RFI response will be based on FEMA’s formal RFI schedule. If the Sub-grantee does not meet the final deadline for RFI, FEMA will determine that the project does not meet the requirements and will be denied.

RFI TIMELINES	
Informal – First Request	The Project Officer requests additional information from the Applicant. 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.
Informal – Second Request	The Hazard Mitigation Branch Chief requests additional information from the Applicant. 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.
Formal	In a formal letter, the Division Director requests additional information and documents previous requests in letter to the State Director. 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.
Formal	If the RFI is not answered in specified timeframe, the Regional Administrator will communicate last and final RFI to State Director with 30 day turnaround.
Final	If RFI not answered, the project will be denied.

Selection of Projects

State Natural Hazard Mitigation Prioritization

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). The SHMO will prioritize proposed projects based upon priorities established in the State Natural Hazard Mitigation Plan, although other factors may be considered. Those factors include, but are not limited to:

- Is the project legal?
- Is the project likely to limit loss and prevent harm to human life and property?
- Does the project constitute a long-term solution to a well-defined problem?
- Does the project demonstrate a favorable benefit/cost ratio?
- Is the applicant committed to maintenance of the project for the life of the project?
- Is the project environmentally sound?

- Is the project technically feasible?
- Is the project socially acceptable?
- Is the project politically acceptable?
- Does the project reflect repetitive loss properties?
- Is the applicant a community with intense development pressure?
- Prioritization for HMGP-PF is as follows*
 - Plans
 1. highest priority for funding are plans in the communities impacted by the FMAG;
 2. second priority for funding plans are state-wide planning efforts;
 3. third priority for funding plans are plans that will expire first
 4. fourth priority for funding plans are new mitigation plans for multi-jurisdictional plans and tribal plans
 - Projects
 1. highest priority for funding are projects in the communities impacted by the FMAG;
 2. second priority for funding are projects that will provide risk reduction benefits to the FMAG impacted communities (even if the activity is not implemented in the impacted community);
 3. third priority for funding are projects in communities that could be impacted by FMAG post-wildfire damages (examples; downstream debris or flood flows);
 4. fourth priority is for post-wildfire debris or flood flow anywhere in the State.
 5. fifth priority is for wildfire mitigation anywhere in the State;
 6. sixth priority is for any natural hazard mitigation project anywhere in the State.

*Funds will not be held for prioritized communities or project types. All established deadlines must be met in order for funding priorities to be implemented as described here. For example,;

- 1) if an applicant does not respond to a Request for Information by the established deadline, the project will not be prioritized for funding;
- 2) if the entity's mitigation plan is not approved **when FEMA is ready to make the award**, the project will not be prioritized for funding;
- 3) if the **milestones for a mitigation plan creation or up-date 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.

Project Selection Criteria

The SHMO will select projects to fund based on the following criteria for selection. The criteria include, but are not limited to:

- A community or tribe that has a FEMA approved mitigation plan;
- A completed application by the submittal deadline;

- Accomplish multiple objectives including damage reduction, environmental enhancement, and economic recovery when appropriate;
- Measures that best 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;
- Measures that, if not taken, will have a severe detrimental impact on the 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;
- Solve a problem independently or constitute a functional portion of a solution whether there is assurance that the project as a whole will be completed;

Selection Criteria for Competitive Grants

Based upon applications submitted and available funding, plans and projects may need to be prioritized for funding. Preparedness Bureau staff forms a Ranking Committee based upon formalized criteria established in the State Natural Hazard Mitigation Plan, this State Mitigation Administrative Plan and the criteria below. 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 are given for each criterion as follows:

- Completed application - If an application is not complete, it is not qualified for ranking.
- 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.
- Shortens recovery time (community function, natural environment, other).
- Project is included in the applicant's General Plan, Comprehensive Plan, or Infrastructure Capital Improvement Plan.
- Project is identified as a high priority in an adopted plan of the applicant.
- Applicant is a community with intense development pressure.
- Improves communication, collaboration and integration among state, tribal and local emergency management agencies.

Selection Criteria for Advance Assistance (available to sub-applicants as part of PDM18)

- The Scope of Work must identify the project-specific tasks and deliverables that will be accomplished

- The schedule for the specific activity must be completed within a 12-month period
- There must be a specific deliverable(s) submitted at the end of the proposed Advance Assistance activity
- Priority given in the following order;
- project-types that can be funded by FEMA HMA grants
- communities that have not yet received HMA construction or land disturbance funding through DHSEM
- requests that exceed the 25% non-federal cost match for Advance Assistance
- implementation of the project is not estimated to exceed \$5 million (\$4 million federal share is the maximum per project cost for PDM18, notwithstanding the new resilient infrastructure project type)

FUNDING OF PROJECTS

FEMA will advise the SHMO of the final lock-in amount for HMGP 12 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 Sub-grantees 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 Period of Performance. For example, the State Legislature allocates capital outlay funding on an annual basis. A Sub-grantee may receive capital outlay funding one year after their 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 between October 1, 2016 and September 30, 2018. For each FMAG declaration an additional \$425,008 is made available under HMGP-PF (the dollar figure is based on New Mexico's Standard State Mitigation Plan). If funds are not utilized by the communities impacted by the FMAG, the state can provide funding to any eligible applicant for any natural hazard mitigation activity. There was no lock-in amount for this first award of HMGP-PF, as the State was notified of the available funding in July 2018. Unless additional FMAGs were declared, the application deadline would be six months from the date of funding notification (January 17, 2019).

State Management Costs

For major disaster declarations on or after November 13, 2007, the HMGP State Management Cost rate will be 4.89% of projected eligible program costs for the State (Grantee). Sub-grantees

will not receive management costs from the state. State Management Costs are used in implementing the Hazard Mitigation Grant Program and Hazard Mitigation Grant Program – Post Fire in accordance with the most recent FEMA guidance. 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, administration of the grant, administration of the sub-grant, post-award project oversight and similar. State Management Costs 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 HMGP and HMGP-PF.

State Management Costs will primarily be utilized by DHSEM for direct costs to manage and oversee the grant. State Management Costs for eligible payroll may be charged to State Management Costs if approved by the Cabinet Secretary. No State Management Costs will be passed through to the Sub-grantee.

State Management Costs for HMGP-PF will utilize the same approach as described above.

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.

Grantee Application for State Management Costs

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 HMGP and a cost estimate. For HMP, the State will 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.

Reporting

The SHMO will submit quarterly performance reports to FEMA Region VI based on the NEMIS or eGrants protocol. Grantee 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. Grantee quarterly financial reports will be filed with FEMA according to the same schedule (above).

The Sub-grant Analyst, or staff member designated by the Grants Manager, prepares the quarterly report data. The financial data is reviewed by the Grants Auditor then remitted to the SHMO to ensure that the deadlines above can be met. As is the current practice, if requested by FEMA Region VI, the Grants Auditor will supply record keeping detail such as contracts, invoices, payroll, etc.

In accordance with 2 CFR 200.328 and 200.333 the grantee 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.

More detail on the assignment and expenses for State Management Costs are found in the Mitigation Program Standard Operating Guidelines.

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 provides direct grant or Sub-grant oversight. 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. 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 provides direct grant or Sub-grant oversight, as was consistent with DHSEM policies and procedures. 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. The SHMO approved all timesheets for costs associated with HMGP State Management Costs.

As of July 1, 2018, payroll for the four full-time employees that provide direct mitigation grant or Sub-grant oversight is being covered by a different grant source (Emergency Management Performance Grant). State Management Costs for eligible payroll may be charged to State Management Costs if approved by the Cabinet Secretary. As allowed by state policy, extra hours worked and overtime may be charged to State Management Costs if approved by the Cabinet Secretary.

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 is tracked in a standard timesheet in 30-minute increments. Both employee and supervisor sign the timesheet and submit to ASB for record keeping. See DHSEM policy and procedure for more detail.

Starting November 1, 2018, DHSEM began time reporting by using the SHARE-HCM timesheet. Time is continued to be tracked in 30-minute increments. Both employee and supervisor sign the timesheet in SHARE. See DHSEM policy and procedure for more detail (Policy No. FIN-114).

The State may choose to hire a contractor to assist with application development, project oversight, plan review or management of the Mitigation Program. All federal and State procurement regulations will be followed and documentation will be on file. Tracking, invoicing and back-up will be maintained for the records.

Management costs may also include necessary training, travel, and materials associated with administering the HMGP and HMGP-PF.

GRANT ADMINISTRATION

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 Grants Auditor then remitted to the SHMO to ensure that the quarterly reporting deadlines can be met. For grants and State Management Costs, the Grant 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.

Financial Management and Procurement Procedures

Federal Section 404 funds will be obligated by FEMA for all approved projects and supplements.

- 1) 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.
- 2) 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 Sub-grantees. 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.

Program Income

To handle and monitor program income generated by sub grantees, 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.

DHSEM will serve as Grantee for project financial management in accordance with 2 CFR Part 200 and any other applicable federal regulations. Sub-grantee(s) (applicants) are accountable to the Grantee for funds that have been awarded.

Allowable costs associated with administering the program are authorized in accordance with 2 CFR Part 200 and any other applicable federal regulations. Administrative costs must be shown as a separate line item and must be approved by the SHMO.

No advancement of project funds will be made on grant-based projects. Federal funds for an applicant's approved project will be disbursed on a reimbursement basis. The applicant 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 applicant, 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 Sub-grantees. DHSEM and its Sub-grantees do not accumulate any interest on funds advanced.

If a project is phased, the Sub-grant Agreement will identify the specific scope of work and amount of federal and local funds applicable for each phase of the project. One Sub-grant will be executed initially for Phase I of the project. If applicable, upon FEMA award of Phase II funding, the Sub-grant Agreement will be amended to reflect the Phase II scope of work, budget, and schedule.

Phase II of a project will be approved after the Sub-grantee revises all application materials to reflect the final design; SHMO submits amended application to FEMA and FEMA issues an award.

In the event that it is discovered that federal funds have not been used in accordance with federal regulation and the New Mexico Hazard Mitigation Administrative Plan, such funds will be recovered from the Sub-grantee 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)

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 200.323. This will include, when possible, making independent estimates before receiving bids or proposals.

Grantees and Sub-grantees will use their own procurement procedures which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal law and the standards identified in this section. 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>

The Mitigation Program and Administrative Services Bureau are responsible for reviewing procurement procedures and professional contracts entered into by the Sub-grantee. The Sub-grantee 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. Upon receipt, a review is conducted by Mitigation Program and ASB utilizing a "Third-party DHSEM Review and Approval" Checklist. See **Attachment 2: Sub-grant Orientation Packet, page 6 and 7**. The Sub-grant Analyst and Mitigation Program staff will simultaneously review drafts submitted by the Sub-grantee and coordinate response to the Sub-grantee. Once reviewed and approved, the Sub-grant Analyst is responsible for notifying the Sub-grantee of approval to proceed with applicable next steps in procurement and/or execution of contract. More detail on review and pre-approval of contracts is found in the Mitigation Program Standard Operating Guidelines.

Grantees and Sub-grantees 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 200.212 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.

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. See Request for Payment [Attachment 2: Sub-grant Orientation Packet, page 9](#).
- 2) The Sub-grant Analyst reviews the invoice for completeness and correctness before submitting to SHMO for a programmatic review.
- 3) The SHMO reviews the request and supporting documentation. If all programmatic requirements are met, the SHMO approves the Request for Reimbursement 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 Request for Payment 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 Sub-grantee.
- 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.

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

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

SHMO reviews budget changes and cost overruns when justified, after a request is submitted for additional funding to DHSEM. The SHMO will submit the request to FEMA with a recommendation in the following situations;

- 1) Sub-grant adjustments of more than 10% in any direct cost category
- 2) Sub-grant budget change request that would result in additional federal funding

All requests for additional consideration 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 not normally be considered but will be at the discretion of the GAR based on available funds.

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 Sub-grantees in each disaster and grant program. Hence, a Sub-grantee may receive grant funding in several different disasters and/or grant programs. Accounting processes will identify all Sub-grantees to a specific disaster or grant program, but will also identify all funds disbursed by Sub-grantee, regardless of the program source.

Pursuant to 2 CFR 200.205 (b) DHSEM has established reasonable procedures to ensure the receipt of reports on Sub-grantees' 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 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;
- 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 insure 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 200.328):

- 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 Sub-grantees 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 Grantee (DHSEM) has accurate accountability for expenses and draws.

- Accounting records - Both the Grantee and the Sub-grantees are required to maintain records which adequately identify the source.
- Records retention - Records reflecting the administration and management of federal grant programs will be maintained by the Grantee and Sub-grantees 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 200.333. 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.

Sub-grantee Monitoring

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 200.331. DHSEM will monitor Sub-grantee activities to assure compliance with applicable federal requirements (2 CFR Part 200.331). In accordance with 2 CFR Part 200.331, to assist DHSEM in fulfilling its obligations, the Fiscal Monitoring will be an integral element of the Department.

In instances where non-compliance is identified, including audit findings, DHSEM will promptly work with Sub-grantees, according to 2 CFR 200.303 (d), to address corrective actions as part of monitoring procedures.

DHSEM is responsible for fiscal monitoring of all Sub-grantees regardless of the federal funding source. Fiscal monitoring is conducted through documentation review, on-site visits, review of A-133 Single Audit reports and technical assistance. All DHSEM Sub-grantees 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 grantees are expending funds in accordance with state and federal guidelines;
- 3) Inform grantees of fiscal compliance requirements;
- 4) Provide technical advice and training to grantees as necessary and feasible;
- 5) Help ensure timely expenditure of grant funds;
- 6) Work with grantees to help detect and prevent fraud and abuse.

General Administrative Requirements

DHSEM will ensure that Sub-grantees 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. Sub-grantees are contacted to plan either a meeting in person or via conference 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.

Once an entity's approved FEMA Hazard Mitigation Plan is three years from expiration, Mitigation Program staff will notify them to seek funding for the update planning process. See Mitigation Program Standard Operating Guidelines for more detail as applicable.

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

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)

DHSEM currently does not use indirect rates. In the event that indirect rates are considered, DHSEM will adhere to requirements per 2 CFR200.333(f).

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

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 Sub-grantee in relation to the grant.
- 2) Track the cost share requirements through the quarterly financial reports which are submitted by the Sub-grantee 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 Sub-grantees 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 Sub-grantees 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: concerning expenditures for training:

Planning training is an allocable cost if incurred for a Hazard Mitigation Plan only. (BCA or EHP training is not an allocable cost). For Projects, there must be a “Project Management” line in the approved budget which will cover training up to 5% for any NM Disasters covered by this Administrative Plan, OR could be “Pre-Award” costs.

Conflict Resolution

The SHMO will monitor and evaluate the progress of HMGP projects via quarterly financial and performance reporting (to ensure reimbursement requests are in line with project completion time lines), site visits, telephone, e-mail, 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 Sub-grantee 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 SHMO will work directly with the applicant to resolve the issue.
- 2) 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.
- 3) If all these steps fail and the issue remains unresolved, the applicant may submit a formal appeal to the Cabinet Secretary.

Appeal Procedures

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:

- 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 chief elected representative.

- 3) The appeal must be submitted by the Sub-grantee to the Grantee within 30 days of the date of written notice of the determination being appealed.
- 4) 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 Sub-grantee – whichever is the shorter time frame.
- 5) It is a responsibility of the SHMO, based on the appeal received, to determine which appeals are sent on to FEMA and to deny unjustified appeals at the state level.

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

Project Reviews and Monitoring/Audits

Final inspections and reviews of all projects will be performed in accordance with 2 CFR 200.331, 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 A-133 Audit Requirements, to include federal clearing house cursory review of audit submissions; review of audit findings for Sub-grantees; as well as formal correspondence to the Sub-grantee 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 200.331.

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

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 200.343.

Equipment purchased with grant funds shall be accounted for at the time sub-recipient monitoring is conducted. 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 200.329 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.

Sub-grant Close-out Procedures

When all work has been completed, all necessary documentation has been submitted, all reimbursements have been made, and no further actions or appeals are pending, the SHMO and Sub-grant Analyst conduct final inspections and financial monitoring. The Sub-grant Analyst conducts an internal reconciliation, and submits to Grants Management Unit Auditor for review, as outlined in the requirements of Uniform Grants Management Standards.

The Sub-grant Analyst then prepares a Certificate of Completion and Grant Adjustment Notice. 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 documents to the Sub-grantee for signature and return. The Sub-grant Analyst obtains GAR signature on these documents and on the FEMA Close-out Request cover letter.

The Sub-grant Analyst submits the Project Completion Certificate and Grant Adjustment Notice with the cover letter to the Regional Administrator along with any additional documentation required. If de-obligation is needed, the cover letter will request the specific amount to be de-obligated. Examples of supporting documentation are FEMA Approval Letter for a mitigation plan, final quarterly performance report, final financial report, photographs of construction location, as-built drawings, example 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 Sub-grantee.

Grant Close-out Procedures

Upon closing the last project in a disaster funding stream, the State conducts an internal reconciliation, including for State Management Costs, as outlined in the requirements of Uniform

Grants Management Standards. DHSEM will adhere to submission of financial and programmatic closeout within 90-days after the end of grant period of performance and for all financial, performance and other reports, including Final SF425 reports per 2 CFR 200.343(a).

Grants Unit Manager requests de-obligation of any remaining funds, including any unused State Management Costs in accordance with 2 CFR 200.345.

Upon approval of grant close-out, FEMA sends SHMO 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 Grantee's obligation to return any funds due as a result 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.