



Annex A. HMGP Administrative Plan

**STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
NEW JERSEY STATE POLICE
OFFICE OF EMERGENCY MANAGEMENT**

**HAZARD MITIGATION GRANT PROGRAM
ADMINISTRATIVE PLAN**

FEMA-4086-DR-NJ



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I. INTRODUCTION

This New Jersey Office of Emergency Management (NJOEM) Administrative Plan (Plan) has been developed in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), Public Law 93-288, as amended, and implementing regulations contained in 44 CFR Part 206, along with the requirements of 44 CFR Part 13 (the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments), 44 CFR Part 80 (Property Acquisition and Relocation for Open Space), and 44 CFR Part 14 (the Administration of Grants, Audits of State and Local Governments). The State of New Jersey (State) will actively monitor, manage, and insure compliance with these requirements for HMGP-4086.

A. PURPOSE

The purpose of this Plan is to comply with the requirements of 44 CFR Section 206.437 and to set forth the administrative procedures, organization, and requirements for administering the Hazard Mitigation Grant Program (HMGP) in New Jersey. This Plan defines State procedures for the delivery of joint Federal and State financial assistance to State agencies, local governments, and certain private non-profit organizations and Indian Tribes or tribal organizations under the HMGP.

B. AUTHORITIES AND REFERENCES

1. Federal Authorities and References

- a. National Flood Insurance Reform Act of 1994, Public Law 103-325
- b. Code of Federal Regulations (CFR)
 - i. 44 CFR, Part 206, Federal Disasters Assistance for Disasters Declared on or after November 23, 1988
 - ii. 44 CFR, Part 7, Nondiscrimination in Federally Assisted Programs
 - iii. 44 CFR, Part 9, Floodplain Management and Protection of Wetlands
 - iv. 44 CFR, Part 10, Environmental Considerations
 - v. 44 CFR, Part 11, Claims
 - vi. 44 CFR, Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to States and Local Governments
 - vii. 44 CFR, Part 14, Administration of Grants: Audits of State and Local Governments
 - viii. 44 CFR, Part 17, Government-wide Debarment and Suspension (non-procurement) and Government-wide Requirements for Drug-Free Workplace(Grants)
 - ix. 44 CFR, Part 18, New Restrictions on Lobbying
 - x. 44 CFR, Part 80, Property Acquisition and Relocation for Open Space
 - xi. 44 CFR, Subchapter B, Insurance and Hazard Mitigation
 - xii. 44 CFR, Subchapter C, Fire Prevention and Control
 - xiii. 44 CFR, Subchapter D, Disaster Assistance
 - xiv. 2 CFR Part 215, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
 - xv. 2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments
 - xvi. 2 CFR Part 220, Cost Principles for Educational Institutions
 - xvii. 2 CFR Part 230, Cost Principles for Nonprofit Organizations

- xviii. Federal Acquisition Regulations (FAR), Part 31.2 Contract Cost Principles and Procedures, Contracts, with Commercial Organizations
- xix. 44 CFR Part 207 Management Costs
- c. Office of Management and Budget (OMB) Circulars
 - i. OMB Circular A-21 Cost Principles for Educational Institutions
 - ii. OMB Circular A-87 Cost Principles for State and Local Governments
 - iii. OMB Circular A-102 Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments
 - iv. OMB Circular A-110 Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
 - v. OMB Circular A-122 Cost Principles for Non-Profit Organizations
 - vi. OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations
- d. Executive Orders (E.O.)
 - i. E.O. 11988 Floodplain Management
 - ii. E.O. 11990 Protection of Wetlands
 - iii. E.O. 12612 Federalism
 - iv. E.O. 12898 Social Justice
- e. Federal Emergency Management Agency (FEMA) References
 - i. FEMA 229, Disaster Assistance: Federal Response Plan
 - ii. Hazard Mitigation Assistance (HMA) Unified Guidance
 - iii. FEMA 317, Property Acquisition Handbook for Local Communities
 - iv. FEMA 386, Residential Coastal Construction Manual

2. State Authorities and References

- a. Public Laws/ Statutes
- b. Civil Defense and Disaster Control Act – N.J.S.A. App. A: 9-33 et seq.
- c. Executive Orders
 - i. E.O. 12, Development of Department Emergency Plans, Governor Cahill, December 12, 1970
 - ii. E.O. 101, Establishment of Office of Emergency Management, Governor Byrne, December 17, 1980
 - iii. E.O. 115, Establishment of an interagency State Hazard Mitigation Team, Governor Florio, January 14, 1994
 - iv. EO 125, Orders and directs the Office of the State Comptroller to conduct independent review of contracts, transparency measures over expenditures, Governor Christie, February 8, 2013
- d. References
 - i. New Jersey Emergency Operations Plan, dated May, 2010.
 - ii. New Jersey Standard Hazard Mitigation Plan, dated April 28, 2011

II. PROGRAM RESPONSIBILITIES, ORGANIZATION, AND STAFFING

The Governor of the State of New Jersey, by Executive Order 115 of January 14, 1994, has designated NJOEM as the State officer responsible for the management and administration of the HMGP, as established in the State Hazard Mitigation Plan. NJOEM's responsibilities, organization, and staffing with respect to the administration of the HMGP are described in the following sections.

A. PROGRAM RESPONSIBILITIES

1. NJOEM's responsibilities in administering the HMGP are outlined in 44 CFR, Part 206, Subpart N, Section 206.433. These are:
 - a. Grantee: NJOEM will be the grantee to which funds are awarded and will be accountable for the use of those funds. Other State agencies, counties, municipalities, and governmental entities may be sub-grantees.
 - b. Priorities: NJOEM will determine priority for funding. This determination must be made in conformance with 44 CFR, Section 206.435. Project Identification and Selection Criteria.
 - c. Hazard Mitigation Officer: NJOEM must appoint a Hazard Mitigation Officer, as required under 44 CFR, Subpart M, who serves as the individual responsible for all matters related to the HMGP. The State Hazard Mitigation Officer for DR-4086-NJ is A/Sergeant First Class Michael Gallagher #5698.
 - d. Administrative Plan: NJOEM must have an approved administrative plan for the HMGP, in conformance with 44 CFR, Subpart N, Section 206.437.
2. Additionally, as a condition of receiving HMGP assistance, NJOEM is required to establish and maintain a FEMA-approved Hazard Mitigation Plan. The current plan was approved April 11, 2011.
3. Specific program activities involved in meeting the above responsibilities include, but are not limited to, the following:
 - a. Continued interaction with communities and other stakeholders
 - b. Notification of mitigation assistance availability
 - c. Identification of potential applicants
 - d. Identification of potential projects
 - e. Providing information on the application process, and key deadlines
 - f. Establishing priorities for the development and selection of mitigation projects
 - g. Determine applicant and project eligibility
 - h. Determine cost effectiveness of projects
 - i. Assisting in environmental and floodplain management reviews
 - j. Reviewing and processing requests for time extensions, advances of funds, and reimbursement
 - k. Providing technical assistance, as required, to applicants and/or sub-grantees
 - l. Monitoring and reporting of program performance on a quarterly basis
 - m. Managing budgetary and staffing requirements for program administration.
4. NJOEM will create additional partnerships and put in place Memoranda of Understanding (MOUs) with State agencies, where needed, outlining responsibilities in order to advance

the mitigation effort as referenced in the 2011 Hazard Mitigation Plan (Section 3.3, Coordination with other Federal and State agencies and Interested Groups).

5. Sub-grantee Roles and Responsibilities

- a. Coordinate with NJOEM and with property owners and local government, when applicable, to ensure that the project is implemented in compliance with State and Federal regulations.
- b. Submit sub-applications in accordance to program schedules and requirements with all required information for NJOEM and FEMA to determine eligibility, technical feasibility, cost effectiveness, and environmental compliance.
- c. Ensure that projects are not framed in a manner that has the effect of circumventing State or Federal regulations.
- d. Coordinate with the property owners, when applicable, to ensure that they understand the benefits and responsibilities of the project and that participation in the program is voluntary.
- e. Develop the project application and implement the project in accordance with State and Federal regulations, ensuring that all terms of the required deed restrictions and grant award are enforced.
- f. For elevation projects, ensure that an elevation certification is received, and require proof of flood insurance from homeowners.
- g. Assist NJOEM and FEMA with State, County, and local plans to ensure they are coordinated with land use, economic development, infrastructure, and community development planning and implementation efforts.

B. ORGANIZATION AND ROLES

The organizational structure for implementing the HMGP is part of the overall State structure established to respond to and recover from an emergency or a disaster. NJOEM, in the Department of Law and Public Safety, Division of State Police, Emergency Management Section, acting under the direction of the Governor of New Jersey and the New Jersey Office of the Attorney General (NJOAG), is the primary State agency responsible for the administration of the HMGP. The NJOEM Mitigation Unit staff will manage the day-to-day activities of the HMGP, supplemented by other NJOEM staff, and employees of other State departments, agencies, and offices. Temporary employees and/or contract services may also be used, where necessary and when feasible.

1. Governor's Authorized Representative (GAR). The GAR is empowered to execute on behalf of the State all necessary documents for disaster assistance, including approval of sub-grants and certification of claims. The GAR delegates the day-to-day HMGP program management responsibilities to the State Hazard Mitigation Officer, who is also identified in the FEMA-State Agreement (FSA). In this regard, the GAR will monitor the activities of the SHMO and the State Hazard Mitigation Team (SHMT).
2. State Hazard Mitigation Officer (SHMO): The SHMO is responsible for program coordination, implementation and administration. The SHMO will accomplish the necessary program work required of NJOEM to deliver the HMGP to eligible sub-grantees and to meet the planning requirements of the Disaster Mitigation Act of 2000. The SHMO will be assigned a Deputy SHMO. The SHMO is responsible

to update the Administrative Plan that outlines how NJOEM will administer the HMGP and implement the Plan in a Presidential Disaster Declaration.

3. NJSP Grants Administration Bureau Chief (GABC):The GABC is the Budget and Policy Analyst and will do the following:
 - a. Manage the accounts that are opened specifically for the HMGP including performing financial disbursements and financial revisions, processing payment requests, closing out the program accounts and processing bills for collection, if any.
 - b. Process payment requests and enter disbursements into the State financial management system.
 - c. Develop financial procedures for implementing the provisions of the Single Audit Act.
 - d. Receive sub-grantee single audits and review for compliance.
 - e. Maintain financial records of all disbursements to sub-grantees and prepare fiscal documents for processing the final claim, process the final State payment, and close the file (account).
 - f. Maintain records of State Management Costs eligible for reimbursement as provided for in FEMA regulations.
 - g. Maintain proper accountability of records related to the procurement of property and services under the HMGP.
4. SHMT:The SHMT functions on a periodic and disaster basis at the discretion of the SHMO and consistent with Governor Florio's Executive Order 115, January 14, 1994.
5. Local Hazard Mitigation Officer/Team (LHMO/LHMT):The SHMO will appoint the County or Municipal Emergency Management Coordinator as the LHMO. The LHMO will call upon other local agencies to act as members on the LHMT and to participate, as necessary, in implementing the HMGP. The LHMO will be the point of contact for projects within his/her jurisdiction determined eligible for HMGP funding and will provide information and reports to the SHMO as requested. The LHMO will coordinate with HMGP sub-grantees in administration of the HMGP. In addition, the LHMO will coordinate with the SHMO in supporting the efforts of reviewing and revising the State Hazard Mitigation Plan dated September 8, 2011. All Hazards Mitigation Plan.

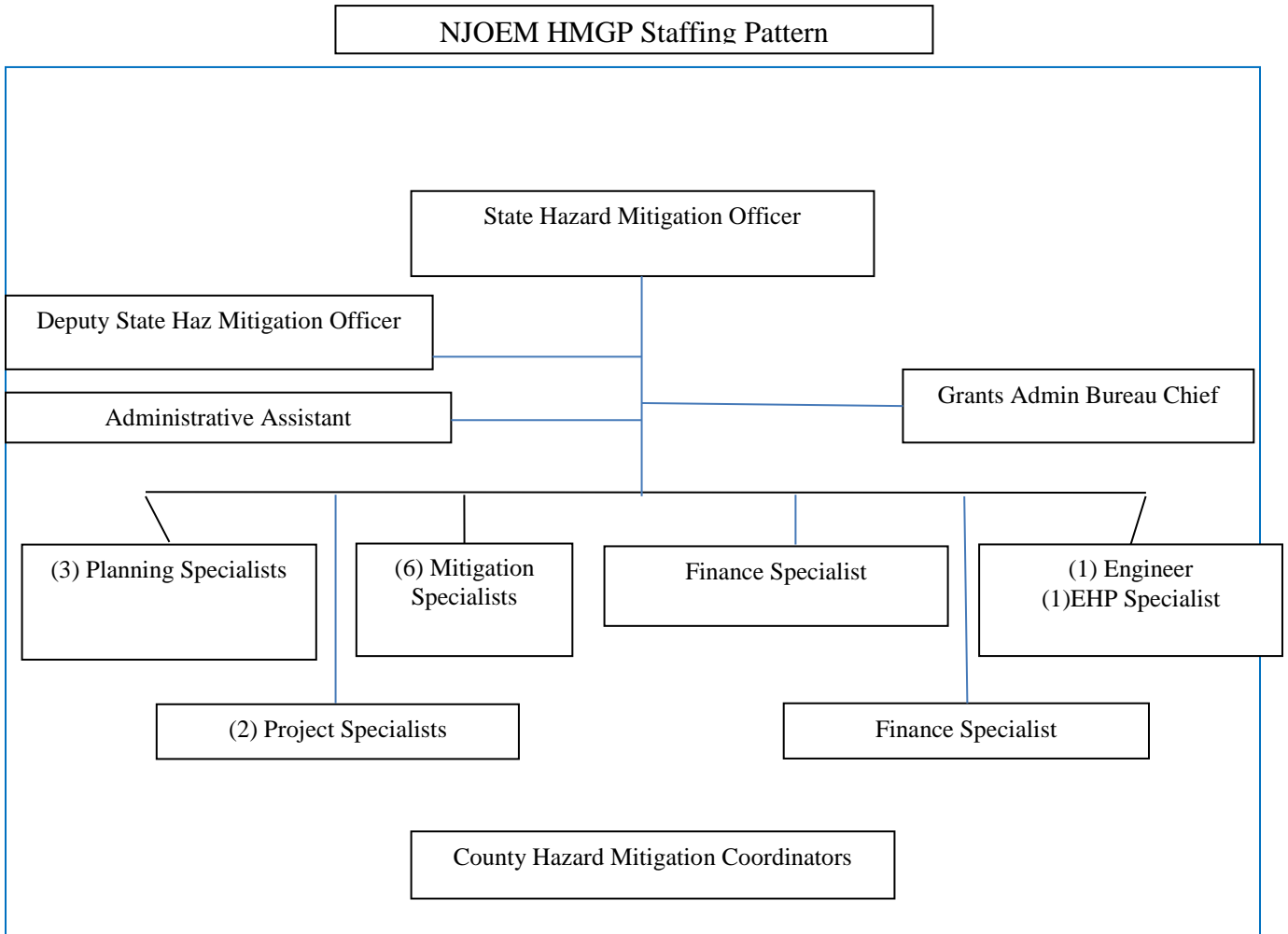
C. STAFFING

1. This section of the plan provides a general description of the overall staffing pattern in both pre-and post-disaster situations. Temporary personnel, staff from other elements of the NJOEM, and employees from various State departments will assist and support the implementation and management of the HMGP. Federal funding will be requested to support additional hires, when needed. As stated in 44 CFR 206.439(b), "Administrative and Management costs for major declarations will be paid in accordance with 44 CFR Part 207."
2. The staffing pattern for administering the HMGP will be flexible and capable of expansion, depending upon the estimated number of applicants for the HMGP and upon the type of disaster. At a minimum, it will consist of the SHMO, a Disaster Response and Recovery Planner, the Financial Management Officer, and appropriate members of the SHMT. If necessary, contractors may be employed to assist the SHMO and provide program support.

The need for such hires will be determined by the SHMO and will serve as the basis for determining State Management Costs. The State Management Cost Project Narrative will be submitted to the FEMA Regional Administrator for approval.

3. The positions indicated below will support management of all open HMGP disasters, including FEMA-DR-4086-NJ. Staffing levels will reflect workload and projected timeframes.
4. NJOEM will request Management Costs incurred for present and future disasters, at the direction of the GAR and the NJSP Administration Section.

D. TABLE OF ORGANIZATION



III. FINANCIAL ASSISTANCE

The GAR will oversee compliance with 44 CFR Part 13 Subpart B for the HMGP, including assurances submitted with a SF 424, Application for Federal assistance under the authority of Section 404 of the Stafford Act (HMGP).

A. AVAILABLE FUNDING

Since New Jersey has a FEMA-certified Standard State Hazard Mitigation Plan, the total of Federal assistance under Section 404 (HMGP) of the Stafford Act shall not exceed 15% for amounts up to \$2,000,000,000, 10% for amounts between \$2,000,000,000 and \$10,000,000,000, and 7.5% on amounts between \$10,000,000,000 and \$35,333,000,000 of the total Federal assistance disbursed (excluding any associated administrative costs), as provided under Sections 403, 406, 407, 408, 410, 411, 416, and 601 of the Stafford Act.

Available HMGP funding is based upon FEMA's 6-month estimate amount, and 12-month estimate amount, consistent with current FEMA policy. The State may advance a portion of the Federal share of the cost of an approved hazard mitigation project upon official request by the sub-applicant with verification of date of closing, or other specific need documents. This advance funding will not be provided earlier than 120 days prior to the scheduled closing date, or purchase.

1. An initial advance may be made to an applicant based on eligible expenditures necessary to start the project; ensuring that the remaining work to be completed is well within the awarded amount of the approved project.
2. Additional advances may be made as long as FEMA requirements are met, all expenditures are documented, and proper record-keeping and sound fiscal procedures are employed.
3. A request for an advance of funds must be submitted in writing by the sub-grantee to the SHMO and will be processed in the same fashion as a reimbursement request. The reimbursement will be processed by the GABC once proper documentation is provided by the sub-grantee.

B. COST SHARING

1. All mitigation measures approved under the HMGP will be subject to the cost sharing provisions established in the FSA for the disaster.
2. The Federal share of any selected project will not exceed 75% of the total project cost.
3. All cost-sharing or matching requirements will comply with 44 CFR Section 13.24. Costs and third party in-kind contributions counting towards satisfying a cost-sharing or matching requirement must be verifiable from the records of the grantee and sub-grantee or cost-type contractors. These records must show how the value placed on third party in-kind contributions was derived.

C. PAYMENT

1. Methods and standards for payment will be established to minimize the time elapsing between the transfer of funds and disbursement by the grantee and sub-grantee and shall be compliant with 44 CFR Section 13.21. Procedures for sub-grantee payment are attached at Appendix D.
2. Reimbursement shall be the preferred method of payment.

D. ADMINISTRATIVE AND MANAGEMENT COSTS

1. NJOEM will apply for funding to support allowable costs associated with the administration and management of the HMGP. These funds will be used by NJOEM for the purposes specified in the regulations and as identified below.
2. Management Costs
 - a. Indirect costs, administrative expenses, consultant and contractor costs, 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 a HMGP grant award can be submitted as Management Costs by individual sub-applicants. For HMGP, Management Cost funding is provided outside of Federal assistance limits defined at 44 CFR 206.432(b). For major disaster declarations, FEMA will determine the lock-in for HMGP based on a flat percentage rate of the Federal share of projected eligible program costs under section 404 of the Stafford Act, 42 U.S.C. 5170c. For major disaster declarations on or after November 13, 2007, the HMGP rate will be 4.89%. Management Costs are provided outside of and separate from the HMGP ceiling amount. The dollar amount provided to a grantee for Management Cost funds for a single declaration will not exceed \$20,000,000 unless additional funding is requested by the State and approved by FEMA.
 - b. NJOEM will require from sub-applicants documentation to support costs and activities for which the projected lock-in for Management Cost funding will be used and submit, no later than 120 days after the date of declaration, unless an extension is granted by the Regional Administrator. FEMA will work with NJOEM to approve or reject the request within 30 days of receipt of the request and, if the request is rejected, NJOEM will have 30 days to resubmit it for reconsideration and approval. FEMA will not obligate the balance of the Management Costs lock-in pursuant to a final funding request or any interim amounts as allowed unless the grantee's documentation is approved. The requested documentation must include:
 - i. A description of activities, personnel requirements, and other costs for which the grantee or sub-grantee will use Management Cost funding provided under this part;
 - ii. The grantee's plan for expending and monitoring the funds provided under this part and ensuring sufficient funds are budgeted for grant closeout; and
 - iii. An estimate of the percentage or amount of pass-through funds for Management Costs that NJOEM will make available to sub-grantees, and the basis, criteria, or formula for determining the sub-grantee percentage or amount (*e.g.*, number of projects, complexity of projects, percentage to any sub-grantee).
 - c. For the grantee, the documented costs for the preparation of applications, quarterly reports and final audits, field inspections, etc., are among those expenses for which statutory administrative costs are eligible. For the sub-grantee, the costs for requesting, obtaining, and administering Federal disaster assistance sub-grants are the documented expenses for which statutory costs are eligible.
3. State Indirect Costs: Indirect costs of administering the disaster program are eligible in accordance with 44 CFR Part 13 and OMB Circular A-87.

4. Sub-grantee Indirect Costs: Consistent with 44 CFR 206.439(c), no indirect costs of a sub-grantee are separately eligible.

IV. HMGP PROGRAMS, NOTIFICATION

A. PROGRAMS

1. New Jersey will administer a State-run acquisition (buyout) program and a State-run elevation program utilizing HMGP funds.
2. New Jersey may, at its discretion, utilize the HMGP for other eligible and appropriate programs, including State or local projects that it determines to be beneficial to the State's rebuilding and/or resiliency efforts.

B. PROGRAM NOTIFICATION

1. The State, the SHMO, and/or their assignees, contractors, or consultants, shall provide timely and detailed program information to all potential applicants so that the maximum opportunity is afforded for the identification of hazard mitigation projects and the development of HMGP applications. The State and the SHMO are responsible for the coordination, development, and dissemination of information on the availability of the HMGP and hazard mitigation assistance through various and multiple forms of notification, including:
 - a. Preparation of a General Announcement for the HMGP which was circulated within 45 days of the date of declaration. This announcement was designed to create an early awareness of HMGP assistance, provide points of contact, identify key dates, and to indicate that additional information and assistance will be available by contacting the SHMO;
 - b. Dissemination of the General Announcement for the HMGP by NJOEM Regional Coordinators to County Emergency Management Coordinators, who in turn disseminated the announcement to local emergency management officials, who in turn disseminated the announcement to known, potential, eligible, private-not-for-profit organizations and institutions; and
 - c. Coordination with County Emergency Managers and Officials to provide notification and contact information for the HMGP at Public Assistance Applicants Briefing(s).
2. Additionally, the General Announcement for the HMGP was provided to the FEMA/State Community Outreach Branch for dissemination.

C. IDENTIFICATION OF POTENTIAL APPLICANTS

The State and the SHMO identified potential applicants for the HMGP using the following steps:

1. An information package on the HMGP was given to each applicant at the HMGP Applicant's Briefing and provided to the County Emergency Management Coordinators in each of the State's counties.

2. The identification of potential applicants under the HMGP was primarily accomplished through the process of Letters of Intent (LOI) or other means. Counties submitted LOIs on a jurisdiction's behalf.
3. Upon receipt of an applicant's LOI, the State, its consultants or subcontractors will make a determination on the project's eligibility and, as appropriate, request the submission of a formal application package containing all the necessary information and forms.
4. Other methods may also be used to identify potential applicants for the HMGP as required to support the State's mitigation and resiliency goals.

V. PROJECT IDENTIFICATION AND SELECTION

A. IDENTIFICATION OF PROJECTS

1. The State may identify projects for a State-run acquisition and/or reconstruction/elevation program based on an analysis of data, including, but not limited to, Substantially Damaged (SD) determinations, National Flood Insurance Program (NFIP) Quick Claims insurance data from "BureauNet," Individual Assistance data from FEMA, surge data, Repetitive Loss (RL) and Severe Repetitive Loss (SRL) data, information from communities, LOIs, and other sources of information which will benefit in the identification of eligible projects.
2. Should the State determine that a project or projects other than acquisitions and/or reconstruction/elevations are beneficial to the State's rebuilding and resiliency efforts, it may, at its discretion, fund eligible projects from other applications for projects it deems appropriate.

B. SELECTION OF PROJECTS

1. The State-run acquisition program will acquire eligible properties with municipal support and willing sellers. Selection of properties may be evaluated and identified based on the following criteria:
 - Clusters of SD properties in proximity to publically owned or preserved undeveloped natural areas containing sensitive and/or regulated features, and/or Coastal Barrier Resource Act (CBRA) zones
 - Clusters of SRL or RL properties in proximity to publically owned or preserved undeveloped, natural areas containing sensitive and/or regulated features and/or CBRA zones
 - Special Flood Hazard Area (SFHA) properties
 - Other properties
2. The State-run reconstruction/elevation program will prioritize homes to be reconstructed/elevated based on, but not limited to, the below criteria as long as funds are available:
 - Elevation (only) of primary residential homes that are substantially damaged in the Coastal V Zone
 - Elevation or Foundation Reconstruction of primary residential homes that are substantially damaged in the Coastal A Zone

- Elevation or Foundation Reconstruction of primary residential homes that are substantially damaged in the A Zone
 - Elevation (only) of primary residential homes that have severe/major damage as defined by FEMA’s Individual Assistance program in the V Zone
 - Elevation or Foundation Reconstruction of primary residential homes that have severe/major damage as defined by FEMA’s Individual Assistance program in the Coastal A, and A Zones
 - Primary residential homes located within a Special Flood Hazard Area
 - Other primary residential homes
 - Not a property that is the subject of an acquisition action
3. The State will determine the HMGP set-asides for State or local initiatives, planning grants, and Management Costs. Pursuant to 44 CFR Part 206, after receiving the 90-day HMGP estimate from FEMA, the State may allocate funds as follows:
- a. Funds will be set aside to support State and local initiatives, including, but not limited to, the procurement of generators and/or other alternative energy systems and/or technologies which contribute to the State’s energy resiliency.
 - b. Funds may also be utilized for planning funds which can include, but are not limited to, efforts to increase or enhance the integration of mitigation strategies into the State Mitigation Plan and Local Mitigation Plans and will meet planning criteria outlined in 44 CFR 201, as well as the HMA Guidance and other guidance from NJOEM/FEMA focusing on encouraging consultation with county and local planning boards and official review and acknowledgement concurrent with county and local governing body approvals of relevant hazard mitigation plans and strategies. Funding may be provided to identify and implement long-term strategic recovery and resiliency actions and planning activities. In addition, funding may be used to provide technical assistance and funding to counties and municipalities so that they and their residents can meaningfully participate in the planning and implementation process and to appropriate institutions to provide research, data, and information to inform planning or other processes related to recovery, rebuilding, and/or resiliency. These funds may also be used to develop public education materials and improvement to vehicles, including technology, to deliver such information and resources related to hazard mitigation. Use of planning funds shall be made at the discretion of the SHMO in consultation with the GAR.
 - c. Management costs as appropriate to administer the HMGP fund.
4. The selection of HMGP project applications to be forwarded to FEMA for approval will be based on the processes outlined above. All applications forwarded to FEMA will have been determined to meet the minimum eligibility criteria of the HMGP, as established through 44 CFR Section 206.434, and to conform to the priorities established in the State Hazard Mitigation Plan.
5. Prior to submitting HMGP applications to FEMA, NJOEM, the applicant, or its consultants and/or contractors shall conduct initial site inspections, review, and validate BCA, conduct environmental and floodplain management reviews, and ensure the applications include geospatial coordinates in the form of latitude and longitude, to the extent required by FEMA. Information obtained from the above needs to be provided with the application submission to FEMA. In addition, NJOEM will review HMGP

project applications for completeness. If an application does not contain all necessary information, the applicant will be notified that the application needs to be revised and will only be considered once complete. Only complete applications will be forwarded to FEMA for consideration.

6. All project applications will have a NEPA Environmental Review to the extent required by FEMA. NJOEM will conduct the initial review of the NEPA Environmental Review materials as presented by the sub-grantee. All procedural requirements and documentation specific to NEPA must be considered and complied with before any project application will be submitted to FEMA. Funding will not be available for any project that does not meet with these requirements.
7. The Mitigation Unit of NJOEM will conduct an initial review of HMGP applications. This initial review is intended to ensure that all applications are complete and include all necessary information to allow for an evaluation of eligibility. This process will use the standard eGrantor successor program application package (Appendix B) and attached checklist for completion. The NJOEM Mitigation Unit will then review for eligibility all HMGP applications that are determined to be complete. To the extent practical, NJOEM will apply all HMGP minimum eligibility criteria, policy, and procedures in this review of applications. All applications that appear to be eligible will be forwarded for review and comment by the SHMT.

VI. ELIGIBILITY REQUIREMENTS

A. APPLICANTS

1. Applicants eligible to apply for the HMGP are:
 - a. State, County, and local governments
 - b. Private, not-for-profit organizations or institutions that own or operate a private, non-profit facility as defined in 44 CFR section 206.221(e)
 - c. Indian tribes or authorized tribal organizations.
2. For disasters declared after November 1, 2004, the State, County or local government must have an approved mitigation plan in order to be eligible to receive HMGP project grants.
3. All applications will include the designated Federal Information Processing Standards (FIPS) Code for each applicant. Where private, not-for-profit organizations or institutions have not been previously assigned a FIPS number, the application should include an effective ruling letter from the Internal Revenue Service (IRS) granting tax exemption under Sections 501(c), (d), or (e) of the IRS Code of 1954 or satisfactory evidence from the State that the non-revenue producing organization or institution is a not-for-profit entity conducting business under State law. In addition, a copy of the organization's charter or by-laws (including brochures) should be provided to the SHMO. The SHMO will review all documentation and prepare a recommendation for a FEMA final determination of applicant eligibility.

B. MINIMUM PROJECT CRITERIA

1. To be eligible for funding under the HMGP, a project will:
 - a. Conform with the State Hazard Mitigation Plan as developed in accordance with Section 409 of the Stafford Act;
 - b. Have a beneficial impact on the designated disaster area, whether or not located in the designated area;
 - c. Be in conformance with 44 CFR Part 9, Floodplain Management and Protection of Wetlands and 44 CFR Part 10, Environmental Considerations;
 - d. 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;
 - e. Be cost-effective and substantially reduce the risk of future damage, hardship, loss, or suffering resulting from a major disaster. The SHMO will demonstrate this by documenting that the project:
 - i. Addresses a problem that has been repetitive or a problem that poses a significant risk to public health and safety if left unresolved;
 - ii. Will not cost more than the anticipated value of the reduction of both direct and subsequent negative impacts to the area if future disasters were to occur. Both costs and benefits will be computed on a net present value basis;
 - iii. Has been determined to be the most practical, effective, and environmentally sound alternative after consideration of a range of options;
 - iv. Contributes, to the extent practicable, to a long term solution to the problem it is intended to address; and
 - v. Considers long term changes to the areas and entities it protects and has manageable future maintenance and modification requirements.
2. Under direction of the SHMO, and to the extent practical, the NJOEM Mitigation Unit will consider all FEMA policy, procedures, and resources to assist in determining eligibility of project applications prior to forwarding to FEMA for approval.
3. NJOEM will only consider applications from sub-applicants that use a FEMA-approved methodology to conduct the BCA. Using FEMA-approved software will ensure that all calculations are prepared in accordance with OMB Circular A-94 and FEMA-standardized methodologies.

C. TYPES OF PROJECTS

1. Projects may be of any nature that will result in protection of public or private property. Eligible projects include, but are not limited to:
 - a. Structural hazard control or protection projects;
 - b. Construction projects that will result in protection from hazards;
 - c. Retrofitting of facilities;
 - d. Property acquisition or relocation consistent with 44 CFR Section 206.434(e);
 - e. Development of State or local mitigation standards;
 - f. Development of comprehensive mitigation programs, with implementation as an essential component; and
 - g. Development or improvement of warning systems

D. DUPLICATION OF FEDERAL PROGRAMS

HMGP funds will not 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.

E. PACKAGING OF PROGRAMS

The HMGP may be packaged or used in combination with other Federal, State, local, or private funding sources when appropriate to develop a comprehensive mitigation solution. With the exception of Community Development Block Grant (CDBG) funds, no other federal funding source may be used to provide the non-Federal match requirement.

VII. APPLICATION PROCEDURES

A. SUBMISSION OF APPLICATIONS TO THE STATE

1. Appendix A illustrates the standard application process of the State. Applicants must submit initial information on their proposed project(s), via LOIs to the SHMO, or by other method acceptable to the SHMO, within the time frame specified in the application process or at timeframe approved by the SHMO. Thereafter, the applicant will be advised as to the status of the LOI and, as appropriate, be given a timeframe for submitting a corresponding detailed application. The eGrant electronic application portal found in Appendix B will be the preferred and recommended form of application to be considered by NJOEM.
2. For HMGP, the opening of the application period is the date when HMGP is authorized, which is generally the date of declaration. Pre-award costs directly related to developing the application or sub-application may be funded through HMGP as funds are available. Such costs may have been incurred, for example, to develop a BCA, to gather Environmental and Historic Preservation (EHP) data, for preparing design specifications, or for workshops or meetings related to the development and submission of HMGP applications and sub-applications.
3. Costs associated with implementation of the activity but incurred prior to grant award or final approval are **NOT** eligible (*i.e.*, projects initiated or completed prior to grant award or full approval of the project are not eligible). To be eligible for HMGP funding, pre-award costs must be identified as separate line items in the cost estimate of the sub-application. Applicants and sub-applicants may identify such pre-award costs as their non-Federal cost share. Applicants and sub-applicants who are not awarded grants or sub-grants will not receive reimbursement for the corresponding pre-award costs.
4. Each applicant and sub-applicant will notify NJOEM that an eGrant electronic application package (including supporting documentation, such as diagrams, maps, and photographs) submitted by the Chief Administrative Official (CAO) of the applying entity, unless otherwise instructed, is in eGrants awaiting review. If signed correspondence is necessary, it must be submitted to the following address:

State Hazard Mitigation Officer
New Jersey State Police
Emergency Management Section
P.O. Box 7068, River Road
West Trenton, New Jersey 08628-0068

B. TIMING OF STANDARD APPLICATIONS

1. Following the selection and ranking of submitted mitigation project applications, the GAR will submit a prioritized package of applications to FEMA commensurate with the amount of HMGP funding that is available to the State. HMGP applicants and funding requests shall be submitted to the FEMA Regional Administrator within 12 months of the date of the disaster declaration. The State may request the FEMA Regional Administrator to extend the application time limit by 30 to 90 day increments, not to exceed a total of 180 days. The grantee must include a justification in its request for an extension.

C. APPROVED PROJECTS

1. All applicants (sub-grantees) that are a signatory to the FSA are acknowledging and agreeing to abide by applicable New Jersey rules and regulations, as well as those conditions outlined in FEMA's project approval letter.
2. HMPG grants are governed by the FSA. In accordance with 44 CFR 13.30(d), the grantee or sub-grantee must obtain the prior approval of the awarding agency whenever any of the following actions are anticipated: (a) any revision of the scope or objectives of the project; or (b) the need to extend the period of availability of funds.
3. Actions initiated and/or completed without fulfilling the specific documentation and procedural requirements of NEPA may not be considered for funding.

D. TIME EXTENSIONS

In requesting time extension, the sub-grantee must submit the following information to NJOEM: a revised budget information form (regardless of whether or not there are changes to the budget); copies of any contracts entered into by the applicant with vendors; percentage of work completed; description of work completed; and detailed reasons justifying the need and timeframes for the extension, as well as a revised work schedule. All extension requests must be received by FEMA not later than 60 days prior to the schedule completion of the projects scope of work.

VIII. PROGRAM COMPLIANCE

Through NJOEM implementation and management of the HMGP, and in accordance with the FSA, the GAR will oversee compliance with all applicable Federal regulations, including but not limited to:

- A. 44 CFR, PART 9, FLOODPLAIN MANAGEMENT AND PROTECTION OF WETLANDS
The SHMO will support and assist FEMA, to the extent practical, in compliance with 44 CFR Part 9, Floodplain Management and Protection of Wetlands. The primary method in which this compliance will occur is through the assurance of forwarding to FEMA complete, standard HMGP application packages, which shall include and contain all relevant supporting documentation for final review.

B. 44 CFR, PART 10, ENVIRONMENTAL CONSIDERATIONS

The SHMO will support and assist FEMA, to the extent practical, in compliance with 44 CFR Part 10, Environmental Considerations. The primary method in which this compliance will occur is through the assurance of forwarding to FEMA complete eGrant HMGP application packages, which shall include and contain all relevant supporting documentation for final review.

C. 44 CFR, PART 13, UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS

1. The GAR will oversee NJOEM's monitoring of grantee and sub-grantees' compliance with all sections of 44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State And Local Governments.
2. The SHMO is responsible for managing the day-to-day operations of HMGP-supported activities. In accordance with 44 CFR Section 13.40, and to assure compliance with applicable Federal requirements and that performance goals are being achieved, the SHMO will monitor and prepare quarterly performance reports on HMGP activities. Monthly progress reports for both construction and non-construction projects will be required from each sub-grantee from the time of approval until the project is completed.
3. The GABC is responsible for initiating cash draw-downs, only when actually needed for disbursement, and timely financial reporting using SF 269.

D. 44 CFR, PART 14, ADMINISTRATION OF GRANTS: AUDITS OF STATE AND LOCAL GOVERNMENTS

The GAR will oversee NJOEM's administration of the procedures established by the New Jersey Office of Management and Budget (NJOMB) for the grantee and sub-grantees' compliance with 44 CFR Part 14, Administration of Grants: Audits of State and Local Governments. See Section IX, sub-section F of this Plan.

IX. PROGRAM ADMINISTRATION

A. IMPLEMENTATION

1. The administration of the HMGP will be in accordance with all applicable portions of 44 CFR Parts 13, 14, and 206. All applicants will submit a completed standard HMGP project application, or similar authorized submission, in order to qualify for grant assistance under the HMGP.
2. In accordance with 44 CFR 206.433(c), the SHMO is the responsible individual for all matters related to the HMGP. The SHMO and the State's mitigation staff will provide technical assistance to applicants and sub-grantees. NJOEM Regional Coordinators and County Emergency Management Officials will provide assistance in the coordination, implementation, management, monitoring, and reporting of HMGP activities.
3. Upon receipt of notification from FEMA that a grant application has been approved, the SHMO, through the GAR, will notify the successful applicant and suggest that the sub-

grantee establish a record-keeping system and begin to coordinate necessary resources for project implementation and reimbursement.

4. The SHMO will coordinate with NJOAG the preparation of a State/Local Disaster Assistance Funding Agreement for signature by the sub-grantee's Chief Administrative Official, or his/her designee, and the GAR (with the FEMA Regional Administrator's concurring signature for property acquisition projects).
 - a. The SHMO will endeavor to coordinate and complete the standard HMGP agreement process within 60 days from the date of FEMA approval/award.
5. Prior to the start of any project, the SHMO will ensure that all applicable Federal, State, and local permits and clearances are obtained by the sub-applicant. If an applicant commences the implementation of a project before finalizing the State/Local Funding Agreement, the project will no longer be eligible for HMGP funding.
6. Sub-grantees will adhere to the implementation schedule of the approved project and associated timeframes detailed in the State/Local Funding Agreement and in any extensions authorized by FEMA. Where projects are not completed during the approved implementation period, and sub-grantees have not provided adequate justification for non-completion and received approval of project extension, the sub-grant may be terminated.
7. In certain instances, during project implementation, it might be determined that it is in the best interest of the Federal and State governments and the sub-grantee to terminate project implementation. Following a request to, and authorization by FEMA, eligible expenses up to the point of project termination may be reimbursed on the appropriate cost share basis.

B. PRE-AWARD REQUIREMENTS

1. FEMA may fund eligible pre-award project costs at its discretion and as funds are available. Grantees and sub-grantees may be reimbursed for eligible pre-award costs for activities directly related to the development of the project proposal. The costs can only be incurred during the open application period. Costs incurred prior to grant award that are associated with actual implementation of the project are not eligible.

C. POST-AWARD REQUIREMENTS

1. Project Implementation– Acquisitions. The acquisition program under HMGP will be conducted consistent with Hazard Mitigation Assistance (HMA) and pursuant to FEMA rules, policies, and guidelines.
 - a. The sub-grantee will not acquire property contaminated with hazardous materials, as defined by the State. A contaminated property must be certified clean prior to acquisition. This excludes disposal of incidental demolition and household hazardous wastes. Grant funds cannot be used for clean-up or remediation of contaminated properties.
 - b. The sub-grantee will obtain a title insurance policy to ensure that it acquires property with clear title. The property interest generally must transfer by a general warranty deed. Any incompatible easements or other encumbrances to the property must be extinguished before acquisition.

- c. The offer to purchase is based on the current fair market value of the property or the “pre-event” market value for the major disaster under which funds are available. When multiple disasters have affected the same property, the State and sub-grantee shall determine which is the relevant event.
- d. As required by Federal law, a property owner who did not own the property at the time of the event, or who is not a National of the United States or qualified alien, is not eligible for an offer to purchase based on pre-event market value for the property. Sub-grantees will ask each participating property owner to certify that they meet the requirement prior to offering pre-event market value. If the participating property owner is unable or unwilling to certify, the participating property owner may be offered no more than the post-flood fair market value. If the property is under foreclosure, the offer to the bank will be post-flood fair market value or the remaining balance on the mortgage, whichever is less.
- e. Certain tenants who must relocate as a result of the project may be entitled to relocation benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (e.g., moving expenses, replacement housing).
- f. If an offer to purchase for a residential property is less than the cost of the homeowner occupant to purchase a comparable replacement dwelling outside of the floodplain in the same community, the sub-grantee may make available a supplemental payment to the property owner in accordance with criteria determined by the FEMA Regional Administrator.
- g. The sub-grantee must notify each property owner in writing of what it considers the fair market value of the property. The market value will be determined by an appraisal completed by a State certified and licensed appraiser. The offer will clearly state that the property owner’s participation in the project is voluntary. At the time the offer to purchase is presented, the property owner will be requested to sign the Statement of Voluntary Participation. If the property owner disagrees with the appraisal, the property owner may obtain an appraisal from a State certified-and licensed appraiser at the property owner’s own expense. The property owner will submit his or her appraisal to the State for review, and then the State will initiate a third appraisal to establish value. The State may limit the amount of time a participating property owner may have to review, consider, and accept or reject an offer.
- h. Structures on the acquired property must be demolished or relocated within 90 days of acquisition, to the extent required by FEMA. The FEMA Regional Administrator may grant an exception to this deadline only for a particular property based on written justification if extenuating circumstances exist, but a final date for removal must be specified.
- i. The sub-grantee, upon settlement of the property, shall record the required warranty deed restrictions.
- j. Upon closeout of the grant, the sub-grantee, through the State, shall provide FEMA with the following:
 - i. A copy of the recorded warranty deed for each property with the FEMA required deed restrictions included;
 - ii. A photo of each property that was acquired after project completion;
 - iii. The latitude and longitude coordinates for each property acquired;
 - iv. Identification of each property as a repetitive loss property, if applicable; and
 - v. Other information as deemed appropriate by the FEMA Regional Administrator and the State.

2. Land Use and Oversight

- a. Acquired property shall be dedicated and maintained in perpetuity as open space for the conservation of natural and floodplain functions. These may include parks for outdoor recreational activities, wetlands management, nature reserves, cultivation, grazing, camping (except where adequate warning time is not available to allow for evacuation), unimproved unpaved parking lots, buffer zones, and other uses determined compatible with open space uses.
- b. Allowable uses generally do not include walled building levees, dikes, or floodwalls, paved roads, highways, bridges, cemeteries, landfills, storage of hazardous or toxic materials, above or below ground pumping and switching stations, above or below ground storage tanks, paved parking, off-site fill, or other uses that obstruct the natural and beneficial functions of the floodplain.
- c. No new structures or improvements will be built on the property, except those listed below, and will be flood-proofed or elevated to at least one (1) foot above the advisory base flood elevation (ABFE) or base flood elevation, whichever is higher:
 - i. A public facility that is open on all sides and functionally related to a designed open space or recreational use
 - ii. Public restroom
 - iii. A structure that is compatible with open space and conserves the natural function of the floodplain which the Administrator approves in writing before the construction of the structure begins
- d. Any improvements shall be in accordance with proper floodplain management regulations, policies, and practices.
- e. No Federal entity or source may provide disaster assistance for any purpose, nor may any application for such assistance be made to any Federal entity or source for the acquired property.
- f. The property is not eligible for flood insurance coverage for damage to structures after the property is acquired except for pre-existing structures being relocated off the property as a result of the project.
- g. After acquisition of the property, the sub-grantee shall convey any interest in the property only if the FEMA Regional Administrator, through the State, gives prior written approval in accordance with Federal regulations.
 - i. The request must include a signed statement from the proposed transferee that it acknowledges and agrees to be bound by terms of the Federal regulations and documents its status as a qualified conservation organization, if applicable.
 - ii. The sub-grantee may convey the property only to another public entity or a qualified conservation organization.
 - iii. The sub-grantee may convey an easement or lease to a private individual or entity for purposes compatible with the uses described above with prior approval of the FEMA Regional Administrator.
 - iv. Conveyance of any property must reference and incorporate the original deed restrictions and must include a provision for the property to revert to the sub-grantee or the State in the event that the transferee ceases to exist or loses its eligible status.
- h. FEMA and the State have the right to enter upon the property, at reasonable times and with reasonable notice, to inspect the property to ensure compliance.
- i. Every 3 years, the sub-grantee will provide a report to the FEMA Regional Administrator, through the State, certifying that it has inspected the property within

- the preceding month and that the property continues to be maintained consistent with the Federal open space requirements and the grant award.
- j. The sub-grantee, State, and FEMA are responsible for taking measures to bring the property back into compliance if the property is not maintained in accordance with Federal regulations.
 - i. The State will notify the sub-grantee and any holder of the property in writing and advise them that it has 60 days to correct the violation.
 - ii. If the sub-grantee or any current holder of the property fails to demonstrate a good faith effort to correct the violation within the 60-day period, the State shall enforce the terms of the grant by taking measures it deems appropriate.
 - iii. FEMA may take measures it deems appropriate, including, but not limited to: withholding FEMA mitigation awards and assistance from the State and sub-grantee; requiring transfer of title; and bringing an action at law or inequity in a court of competent jurisdiction against the State, sub-grantee, and/or respective successors.

D. SPECIAL CONSIDERATIONS FOR PROPERTY ACQUISITION/RELOCATION PROJECTS

1. Because of their unique nature, special considerations are required in the administration of acquisition and relocation projects. Sub-grantees must comply with special considerations: 44 CFR 206.434(e); Part 80, Property Acquisition and Relocation for Open Space; and Hazard Mitigation Assistance Unified Guidance, Part IX.A., any other related guidance.
2. In general, properties eligible for acquisition include those where:
 - The property will be acquired from a willing, voluntary seller.
 - The property contains an at-risk structure, including those that are damaged or destroyed due to an event. In some cases, undeveloped, at-risk land adjacent to an eligible property with existing structures may be eligible.
 - All incompatible easements or encumbrances can be extinguished.
 - The property is not contaminated with hazardous materials, as defined by the State, at the time of acquisition, other than incidental demolition or household waste.
 - If the structure on the property is to be relocated, there located structure must be placed on a site located outside of the 100-year floodplain, outside of any regulatory erosion zones, and in conformance with any other applicable state or local land use regulations.
 - The property cannot be part of an intended, planned, or designated project area for which the land is to be acquired by a certain date, and/or where there is an intention to use the property for any public or private future use inconsistent with the open space deed restrictions and FEMA acquisition requirements (examples includes roads and flood control levees).
 - The property will not be subdivided prior to acquisition, except for portions outside the identified hazard area, such as the SFHA or any risk zone identified by FEMA.
 - As part of the project application, sub-grantees must attach the Statement of Assurances for Property Acquisition Projects, along with the attached Model

Statement of Voluntary Participation and Warranty Deed Restrictions. In addition, the sub-grantee must include with the application the completed and signed Notice of Voluntary Interest, either Sample 1 or 2, for each property owner that will participate in the project. The project application will also include the BCA Property Data Worksheet for each property and a Budget Cost Worksheet. (See Appendix D.)

3. Every three years, the State will contact the communities that have purchased land with HMGP monies and have them verify in writing that they are complying with the land requirements (open space, public ownership, etc.).

E. SPECIAL CONSIDERATIONS FOR PROJECTS IN SFHAs

1. For projects related to the mitigation of properties in SFHAs (e.g., elevation and floodproofing), each participating property owner's signed acknowledgement of conditions for having a property within an SFHA mitigated with FEMA grant funds must be provided to the grantee and FEMA prior to award. The acknowledgement addresses the information identified on the Model Acknowledgement of Conditions for Mitigation of Property in an SFHA with FEMA Grant Funds (Appendix D), and have equivalent effect.

F. APPEALS

1. Appeals shall be governed by 44 CFR 206.440, which includes the following provisions:
 - a. An eligible applicant, sub-grantee, or grantee may appeal any decision made relating to Federal assistance.
 - b. Appeals shall be made in writing to the GAR through NJOEM. Appellants must provide documented justification in support of their position, specifying the monetary figure in dispute and provisions in Federal law, regulation, or policy with which the appellant believes the initial action was inconsistent.
 - c. Appeals must be forwarded to the GAR within 60 days from the date of notification of the action being appealed.
 - d. The GAR will review and forward appeals from an applicant or sub-grantee, with a written recommendation, to the Regional Administrator within 60 days of receipt.
 - e. The GAR may make grantee-related appeals on his own initiative within 60 days from the date of decision.
 - f. The FEMA Regional Administrator will consider all first appeals under the HMGP.
 - g. Through the FEMA Regional Administrator, the Associate Administrator/Executive Associate Administrator of the Mitigation Directorate will consider appeals of the FEMA Regional Administrator's decision on any first appeal under (f).
 - h. Within 90 days following the receipt of an appeal, the FEMA Regional Administrator (for first appeals) or Associate Administrator/ Executive Associate Administrator will notify the grantee in writing of the disposition of the appeal or the need for additional information. The grantee shall notify the applicant or sub-grantee in writing of the disposition or the need for additional information no

later than ten days after receipt of notification from the FEMA Regional Administrator or Associate Administrator/Executive Associate Administrator.

G. MONITORING AND REPORTING

1. NJOEM, as grantee, is responsible for Federal funds and therefore is responsible for all program monitoring and reporting to verify that projects are being completed and that funds are being spent as reported on sub-grantee performance reports. The SHMO and program staff will maintain regular contact (at least monthly) with each sub-grantee to verify the status of HMGP project implementation.
2. At a minimum, there will be three primary field inspections of each project: the first evaluating the application which can be completed during a project kickoff meeting; the second when approximately 50% of approved funding is to be reimbursed; and a final inspection when the project is completed.
3. NJOEM will submit quarterly progress reports to FEMA indicating the status and anticipated completion date for each measure funded under this program. Any problems or circumstances affecting completion dates, scope of work, or project costs will be described in the report. All quarterly reports will be carefully reviewed by NJOEM, as they are an integral part of FEMA's review process in considering any project extensions.
4. Monthly performance reports will be required of sub-grantees and must contain all information needed by the SHMO for preparation of the State's quarterly reports. Sub-grantees will use the performance report form provided in Appendix C. All project costs and expenditures are to be provided in the sub-grantee's quarterly financial reports. NJOEM will comply with E.O. 125 (signed by Governor Chris Christie on February 8, 2013) in the allocation of HMGP funding.
5. The State must have the following in place: proficient financial controls and procurement processes; adequate procedures to prevent any duplication of benefits as defined by Section 312 of the Stafford Act; processes to ensure timely expenditure of funds; comprehensive websites regarding all disaster recovery activities assisted with these funds; and processes to detect and prevent waste, fraud, and abuse of funds, to perform environmental reviews, and to ensure all projects are compliant with all Federal, State, and local laws, including but not limited to E.O. 125.

H. FINANCIAL MANAGEMENT

1. Time to Establish Accounts
 - a. From the time of physical receipt of grant award documents, which include the FEMA award letter and FEMA obligation documents, it may take up to two (2) months to open an account for the HMGP award. This process involves the request of a new Appropriation Unit and the creation of documents that must be initiated and approved by the NJOMB.
 - b. If the non-Federal share requires a State match, including third party match, the timeframe may be extended for financial management of the sub-grant.
 - c. Each separate sub-grant award must go through the process of making Budget Authority (BA) available. NJOMB typically takes a month to open this BA (This time period is included in letter "a" for the first sub-grant award). If the process of making

BA available falls during fiscal or calendar year end close-out, the process may take two months.

- d. Per NJOMB, accounts are set up such that New Jersey is able to pay HMGP program funds before drawdown from “SMARTLINK” occurs.

2. Payment Procedures

- a. Project funding will be in the form of reimbursement of eligible expenses, based on evidence showing completion of work, such as invoices, receipts, and time sheets. Funding will not be provided prior to actual construction or work being accomplished. As the approved project is implemented, the sub-grantee may submit a request for reimbursement of funds, along with supporting documentation for project work completed.
- b. Funding requests may be submitted, within acquisition projects, up to 120 days prior to confirmed closing dates on properties listed in the project. The request may be any amount not to exceed the Federal share of the approved offer for sale of those properties listed in the request. These requests should be made to the SHMO with all appropriate documentation necessary for a standard reimbursement package, along with the closing date confirmation. Any project expenditures eligible for reimbursement that have taken place prior to the submission of this request can be added, as long as all necessary justification documentation is provided. Sub-applicants should allow at least 30 days for the State to process any request for funding/reimbursement.
 - i. The SHMO will review the request for payment and determine the eligible amount of reimbursement for each claim. The SHMO will certify that reported costs were incurred in the performance of eligible work and that the approved work was completed and in compliance with the provisions of the FSA. The request will be forwarded to the GABC with a request for payment to the sub-grantee. The GABC will review the request and process payment to the sub-grantee via electronic transfer.
 - ii. For HMGP, the opening of the application period is the date when the HMGP is authorized, which is generally the date of declaration. Pre-award costs, as they were identified in the sub-grant application and directly related to the development of that application, may be considered eligible pre-award costs. Such costs may have been incurred, for example, to develop a BCA, to gather EHP data, for preparing design specifications, or for workshops or meetings related to development and submission of HMGP sub-grant applications.
 - iii. Costs associated with implementation of the activity but incurred prior to grant award or final approval are not eligible (*i.e.*, projects initiated or completed prior to grant award or full approval of the project are not eligible).
- c. If a mitigation measure is not completed, and there is not adequate justification for non-completion, no Federal funding will be provided for that measure.
- d. Although 44 CFR 13.21(c) allows for payment advances, NJOEM policy does not allow for this provision. Advances are only authorized on an exception basis (*i.e.*, acquisition projects). Procedures may be developed to monitor sub-grantees that receive advances, such as requiring them to supply adequate justification to identify what bills will be paid, identify when disbursements will be made, or receive support documentation regarding amounts paid and payment dates. (See 44 CFR Part 13.21 (c)).

- e. Final payment will be requested from GABC upon 100% work completion, verified by inspection, and will be based on satisfactory sub-grantee progress and financial reports. After a project has been completed, requests for final payment must be made by the sub-grantee within three months of project completion. An inspection will be conducted prior to approval of final payment.
- f. GABC will enter financial information and create documents for payment which are sent to the GAR for signature. Upon receiving the GAR's approval and signature, payment will be made.

2. Cost Overruns

- a. The final cost of approved work may, in some cases, exceed approved cost estimates. Should project costs exceed the approved project estimates, and the sub-grantee wishes to be reimbursed for a cost overruns, NJOEM will require the sub-grantee to provide sufficient documentation (invoices, daily activity reports, progress reports, etc.) to support the eligibility of the additional work and/or costs. If upon review, the State determines that such request is justified, the GAR, in consultation with NJOEM, will exercise the discretion authorized under 44 CFR 206.438 (b), which addresses cost overruns. Specifically, this subsection states: "During the execution of work on an approved mitigation measure, the GAR may find that actual project costs are exceeding the approved estimates. Cost overruns which can be met without additional Federal funds, or which can be met by offsetting cost under-runs on other projects, need not be submitted to the [FEMA] Regional Administrator for approval, so long as the full scope of work on all affected projects can still be met."The GAR will provide a notification to the FEMA Regional Administrator when requests for overruns are made, and the GAR has decided to approve payment of such overruns. For cost overruns to be supported, the involved projects must remain cost-effective.
- b. Where cost overruns cannot be supported by under-runs from other projects or from un-obligated HMGP funds, the applicant will be notified that the GAR cannot allocate any additional funds to the project. For cost overruns requiring additional Federal funds, the GAR shall oversee NJOEM's compliance with the applicable procedures set forth at 44 CFR 206.438(b).
- c. Cost overruns can only be considered where the scope of work has been adhered to without changes, unless approval for modification of the scope of work is obtained from FEMA.

I. CLOSEOUT

- 1. When the final payment has been made on a project, a Closeout Form will be sent to the applicant. This form must be satisfactorily completed and signed by the sub-grantee's Chief Elected Official, or his/her designee, and will detail the authorized project amount and the actual amount paid, including statutory administrative costs, etc.
- 2. In general, a sub-grantee will be 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 at least three years from the closeout date of each project, or after any litigation, claim, negotiation audit, or other such action has been resolved, whichever is later. During this three-year period, all project documentation is subject to random audits. A final accounting and reporting will take place after the project is completed.

3. In the event any Federal funds have been paid to a sub-grantee in excess of the amount to which the sub-grantee is entitled under the terms of the award, the following procedures will be followed:
 - a. If the over-advance of Federal funds is discovered prior to final payment of the federal share, the GAR will oversee NJOEM's withholding of the amount of the over-advance from the final payment and will return the funds to FEMA. The remaining balance of Federal funds will be paid to the sub-grantee.
 - b. If the over-advance of Federal funds exceeds the final payment of the Federal share due, the GAR will oversee NJOEM's withholding of the final payment and will request the balance of Federal monies from the sub-grantee. The GAR will oversee NJOEM's returning of the withheld funds to FEMA.
 - c. NJOEM will advise the GAR to request any over-advance of Federal Funds and the GAR will request the return of any over-advance of Federal funds in writing and establish a date for the return of the monies involved. If the sub-grantee refuses to return the funds, the GAR will refer the matter to the FEMA Regional Administrator for initiation of collection efforts.
4. Within 90 days after the close out of the last sub-grant, the GAR will oversee NJOEM's submission of all financial, performance, and other reports as required as a condition of the grant. FEMA may extend this timeframe when requested by the GAR.
5. FEMA will close out the grant award when it determines that all applicable administrative actions and all required work of the grant have been completed. Projects will not be closed out without a final project progress and financial report from the sub-grantee. Records kept by the GAR and SHMO will document that closeout has been accomplished and that no further disbursements will be made to the sub-grantee.

J. AUDIT

1. Pursuant to NJ Circular 04-04 OMB, all State agencies which disburse Federal grant, State grant, or State aid funds to recipients that expend \$500,000 or more in Federal financial assistance or State financial assistance within their fiscal year must require these recipients to have annual single audits or program-specific audits performed in accordance with the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, Federal OMB Circular No. A-133 Revised, and State policy. It should be noted that the Federal government will not pay for a single audit for any recipient who expends less than \$500,000 of Federal funds.
2. Pursuant to NJ Circular 04-04 OMB, all State agencies that disburse federal grant, State grant, or State aid funds to recipients which expend less than \$500,000 in Federal or State financial assistance within their fiscal year, but expend \$100,000 or more in State and/or Federal financial assistance within their fiscal year, must require these recipients to have either a financial statement audit performed in accordance with Government Auditing Standards (Yellow Book) or a program-specific audit performed in accordance with the Act, Amendments, Federal OMB Circular No. A-133 Revised, and State policy.
3. In addition to the above audit requirements, the State will perform such monitoring procedures as it deems necessary.

4. The State may audit any sub-grantee account if any information or indication of mismanagement is obtained.
5. Compliance by sub-grantees with Federal and State audit requirements will be monitored by the NJOMB pursuant to the system established by State OMB Circular Letter No. 98-07. Under this system, the New Jersey Department of Community Affairs is assigned responsibility as the “cognizant” agency for ensuring that municipalities and counties receiving Federal and State assistance comply with State and Federal single audit requirements. Cognizance over not-for-profit organizations and institutions is assigned to the State agency providing the most financial assistance.
6. The cognizant agency will report any adverse audit finding or noncompliance with audit requirements to the GAR. The GAR, through NJOEM, will ensure, with the assistance of the Internal Controls Unit and theNJOAG (Department of Law and Public Safety) that appropriate action is taken and will report the action to FEMA.

X. PLAN REVIEW AND UPDATE

- A. The Plan will be updated and forwarded to the FEMA Regional Administrator in accordance with 44 CFR 206.437(d).
- B. The SHMO and mitigation staff will be responsible for reviewing and updating the Plan as needed, following each major disaster declaration, to ensure the Plan’s compliance with the law implementing regulations and with State policies and procedures.

XI. APPENDICES