

FALL 2017

County **QUARTERLY** MAGAZINE

The Story of North Carolina Counties

WHERE DOES THE WATER FLOW?

Floodplain Management Expert Shares Insights
and Ways Counties Can Reduce Flood Risk | pg 10



Local Preparedness: The Backbone of Di

For the first time in recorded history, three Category 4 hurricanes hit U.S. shores in the same year; and they hit in the same month. Almost weekly we hear on the news about emergencies caused by terrorists in cities around the world. Recent articles have suggested numerous “smaller events” occur regularly that don’t make the news cycle and that the U.S. remains a primary target. Whether natural or manmade, disasters and the need to be prepared for them are a reality counties must face, and any federal assistance will have limits. By design, federal disaster assistance is intended to supplement local and state investments in preparedness and recovery. And, as disaster damage costs rise, federal resources are strained. Federal disaster assistance alone is never enough to meet recovery needs, so state and local governments need to plan accordingly.

At the end of August, the Federal Emergency Management Agency (FEMA) reported to have \$2.8 billion in the Disaster Relief Fund, with \$1.3 billion of that total available for major disasters like Hurricane Harvey and another \$1.5 billion earmarked for efforts like fire mitigation grants. That was before the devastating impacts of Hurricanes Irma and Maria to Florida, Puerto Rico, and the U.S. Virgin Islands. Initial estimates suggest damage from Hurricane Harvey could rise to \$30 billion, but it will surely take months, if not years, before officials can accurately tally the damages from all of these storms. Meanwhile, Congress passed and the President signed into law in

early September a \$15 billion disaster relief package. The final version of the bill included \$7.4 billion for direct assistance for Hurricane Harvey victims; \$450 million for the Small Business Administration’s disaster loan program to help small businesses get back on their feet; and an additional \$7.4 billion in Community Development Block Grants for all disasters this year. The bill also extended the National Flood Insurance Program (NFIP) and spending for all government programs under a Continuing Resolution (CR) through December 8.

Although Congress appropriated additional funds for FEMA, costly losses from Hurricanes Harvey and Irma caused FEMA to freeze about \$134 million in federal assistance for North Carolina’s Hurricane Matthew recovery. The funding freeze will allow FEMA to divert resources for immediate needs for victims of Hurricanes Harvey and Irma. In September, FEMA sent letters to emergency management directors in 50 North Carolina counties informing them of the hold, which Michael Sprayberry, Director of North Carolina’s Division of Emergency Management, reports is temporary. A similar hold was put in place after Hurricane Sandy and it lasted three months. Other states recovering from federal disasters, such as western wild fires, also received similar letters notifying them of the funding freeze. Meanwhile, the North Carolina Congressional Delegation is working to free up more disaster recovery funding.

Somewhat ironically, the needs for

Disaster Recovery

By Leslie Mazingo | Strategics Consulting

hurricane disaster aid have coincided with Congress' timing not only for renewal of the NFIP, but also for decision-making on raising the debt ceiling, thereby sparking debate over how to pay for these billions of dollars in extra federal aid. Should disaster assistance continue to be paid for with emergency appropriations that add to the federal deficit, or should disaster spending be offset through cuts to other programs? There are many factors to consider and difficult options to weigh, particularly as U.S. debt owned by foreign governments has increased. China now holds the largest amount of U.S. treasury securities of any foreign government. This raises questions about the influence of foreign central banks on the U.S. economy and potential risks.

Office of Management and Budget (OMB) Director Mick Mulvaney, a former South Carolina Congressman and member of the House Freedom Caucus, voted against the Hurricane Sandy Relief Package because it lacked offsets. Director Mulvaney recently called on his former colleagues to support raising the debt limit for three months so more money could be borrowed now to get emergency funding to Houston and other Harvey-hit areas immediately, and could not promise that future requests for disaster aid would be tied to offsets or would not be linked with the need to continue raising the debt limit. Many members have publicly expressed frustration over the apparent change in his position, adding to speculation that future emergency spending packages



As one of the first steps in recovering following a damaging storm, buildings are gutted of their contents to be dried out and renovated.



without offsets could become increasingly difficult to pass.

What can be equally as political is the interpretation of the Stafford Act. The Stafford Act outlines that the federal share for FEMA public assistance is 75% of rebuilding costs for qualified projects while the state or local, non-federal partner pays a 25% matching requirement. Not all disasters, however, are treated the same. The President and Congress have the ability to change Stafford Act match requirements, creating a political leverage point in disasters. Currently Harvey and Irma relief has been adjusted to a 90% federal / 10% non-federal cost share. For Hurricane Katrina the entire non-federal match requirement was waived, as a rider in the Omnibus bill, so the federal government provided 100% of the cost for certain FEMA programs.

National flood insurance program under scrutiny

The National Flood Insurance Program (NFIP) was established in 1968 to provide insurance that proved difficult for the private sector to provide at affordable rates and to promote floodplain management. Authorization for the program, which is administered by FEMA, would have expired on September 30, 2017, without the extension passed by Congress as part of the CR.

Lawmakers have sought information from the Congressional Budget Office (CBO) about the NFIP's financial soundness and its affordability for policyholders. In the September 1, 2017, report back to Congress on this matter, CBO estimated a NFIP annual shortfall of \$1.4 billion based on current



Flooding can cause roadways to fracture, as shown here in Hoke County.

policies, “mainly because of shortfalls in coastal counties,” and identified that the program is currently \$24.6 billion in debt, nearly six times the program’s total annual receipts of \$4.3 billion from current policies. FEMA estimates it will pay \$11 billion in flood claims for just Harvey alone to NFIP policyholders. That amount is actually significantly lower than it could have been because approximately 80% of Harvey victims have no flood insurance coverage at all.

In the report, the CBO also discusses 12 approaches that lawmakers could consider to make the program more solvent, align premiums with risks, or keep rates low. (Go to www.cbo.gov/system/files/115th-congress-2017-2018/reports/53028-nfipreport2.pdf for a copy of the full report.) This report was also published before the full impact of Hurricane Harvey is known, and before Hurricanes Irma or Maria made landfall. Key authorities of the NFIP, such as authority to issue new insurance contracts, will expire after December 8, 2017, if not reauthorized by Congress. Therefore, the range of changes called for as a result of these recent disasters could necessitate another extension of the current NFIP statutory authority into next year in order to give lawmakers more time to address new and changing issues. That would also put the program’s debate in the thick of midterm elections, when it becomes extremely difficult to pass anything even remotely controversial.

Federal disaster assistance has limits: prepare for “never enough”

North Carolina has learned from experience that communities’ unmet needs often exceed the amount of federal assistance they get. The state assessed that Hurricane Matthew caused approximately \$2.8 billion in damage and another \$2 billion in economic loss in North Carolina. In the wake of the storm, the state initially received \$334 million in federal assistance to support recovery efforts. Then, in April, Governor Roy Cooper submitted to the federal government a subsequent request of \$929 million to address North Carolina’s unmet needs. In response to the April request, the federal government authorized just \$6.1 million in additional funding. While the North Carolina General Assembly also provided over \$300 million for disaster recovery assistance, significant shortfalls remain. Among other things, the Governor estimates that \$434 million is needed “for buyout, elevation and reconstruction of 3,962 properties that flooded during Matthew and are at risk for future flooding.” All of this was before the three new hurricanes and the FEMA freeze on funding.

After Hurricane Harvey, FEMA Administrator Brock Long, a North Carolina native, predicted the agency would need to be in Texas for years. No doubt the same is true for Puerto Rico. FEMA has already opened up its Surge Capacity Force, a supplement

to FEMA responders using federal volunteers when disaster response requires more resources than FEMA has at its immediate disposal. The surge force is usually reserved only for Homeland Security Department employees, but with resources spread so thin among hurricane relief efforts in Texas, Florida and the Caribbean, all federal employees have become eligible for the program for the first time.

Following the deadly earthquake in Mexico, and abundant news coverage showing volunteers taking on the job of primary rescue workers in Texas, California local governments have begun telling citizens that a big earthquake will overwhelm emergency services, leaving them on their own and that most people are not prepared to care for themselves for a week, maybe longer. Administrator Long calls it "hazard amnesia" and says government has failed to "build a true culture of preparedness in our citizens." Therefore, perhaps it is a matter of sound public policy to ensure your county has a clear understanding of risks, that best practices are reviewed regularly, and that

policies are implemented to reduce risk and avoid costly losses.

For tips on preparing before the disaster occurs, visit www.fema.gov/plan-prepare.

*Since this article was written, FEMA lifted the freeze on North Carolina projects and Congress passed a \$36.5 billion federal disaster assistance package including \$18.67 billion for FEMA disaster relief, \$16 billion in debt forgiveness for the NFIP, \$1.27 billion in nutrition assistance for Puerto Rican residents and \$576.5 million in wildfire suppression.

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FEMA Administrator Brock Long, Catawba County native



- Born William Brock Long on April 6, 1975 in Newton, NC.
- Graduated from Newton-Conover High School; BS in criminal justice and MPA from Appalachian State University.
- Confirmed (95-4) by U.S. Senate and began his service as FEMA Administrator in June 2017.
- Lived in Hickory, NC and worked for a national consulting firm before his confirmation.
- Director of Alabama's Emergency Management Agency, including during the 2010 Deepwater Horizon oil spill.
- FEMA Regional Hurricane Program Manager and FEMA Hurricane and Evacuation Liaison Team Leader, and statewide school safety coordinator for Georgia Emergency Management Agency.
- Worked at FEMA during Hurricane Katrina.

*Official FEMA portrait of Mr. Brock Long - Administrator, Federal Emergency Management Agency
Photo by FEMA Graphic - June 23, 2017*

"One of the things that keeps me up at night is this nation has not seen the devastation of a major land-falling hurricane since 2005... We have not seen a devastating earthquake in some time. I go to sleep with that every night." FEMA Administrator Long speaking to the National Governors Association, July 2017.