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|--|-----------|
| <b>APPENDIX E - FLOOD HAZARD MITIGATION FUNDING PROGRAMS.....</b>                      | <b>2</b>  |
| <b>FEDERAL PROGRAMS .....</b>  | <b>2</b>  |
| National Flood Insurance Reform Act .....  | 2         |
| Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 93-288) .. | 4         |
| Small Flood Control Projects-US Army Corps of Engineers (Corps).....                   | 5         |
| Emergency Bank Protection-Corps .....  | 5         |
| Floodplain Management Services- Corps .....  | 5         |
| Planning Assistance to the States- Corps.....  | 6         |
| Habitat Restoration- Corps .....   | 6         |
| Watershed Protection and Flood Prevention Act (PL 83-566)-NRCS .....                   | 6         |
| Aquatic Ecosystem Restoration--- Corps.....  | 6         |
| Farm Program—USDA Farm Service Agency.....   | 7         |
| <b>STATE PROGRAMS .....</b>  | <b>7</b>  |
| State Hazard Mitigation Grant Program.....   | 7         |
| Flood Control Assistance Account Program .....   | 8         |
| Centennial Clean Water Fund—Ecology .....  | 8         |
| State Water Pollution Control Revolving Fund—Ecology .....                             | 9         |
| Public Works Trust Fund—CTED.....  | 9         |
| Emergency Relief (ER) Funds—WSDOT and FHWA Title 23.....                               | 9         |
| <b>COUNTY PROGRAMS.....</b>  | <b>10</b> |
| Real and Personal Property Tax/River Improvement Program.....                          | 10        |
| Clean Water District.....  | 10        |
| Real Estate Excise Tax (REET).....   | 10        |
| Road Maintenance Fund.....   | 10        |
| <b>FUNDING STRATEGY .....</b>  | <b>10</b> |

## **APPENDIX E - FLOOD HAZARD MITIGATION FUNDING PROGRAMS**

This appendix identifies grant and loan programs available to fund implementation of this plan. This appendix describes federal and state funding programs available for financing future flood hazard management activities. A brief summary of the funding sources currently used by Snohomish County for both surface water and flood hazard management is also provided. Lastly, optional administrative funding sources and recommended actions for funding the implementation of this plan are discussed.

### **FEDERAL PROGRAMS**

There are currently two main federal programs through which mitigation may occur and include the National Flood Insurance Reform Act and the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The two programs differ in that the first is designed to assist nonemergency activities while the second is designed for assistance during federally declared disasters.

#### **National Flood Insurance Reform Act**

Title V of the Reigle Community Development and Regulatory Improvement Act of 1994 (Public Law 103-325) is referred to as the National Flood Insurance Reform Act of 1994. One of the major provisions of the Act was the establishment of a program to provide financial assistance to states and communities for planning and implementation of flood mitigation activities. This act provides funding opportunities before a major disaster occurs. Details on the program are contained under Subtitle D—Mitigation of Flood Risks.

A new National Flood Mitigation Fund was set up through the act to fund flood mitigation planning and implementation activities. Money for this new fund comes from the National Flood Insurance Fund. The total amount credited to the new mitigation fund in each fiscal year is \$20,000,000.

#### **Conditions for Funding**

A community may participate in this program and receive funding from the National Flood Mitigation Fund as long as the following conditions are met:

- The community must be a political subdivision with building code and zoning code jurisdiction over the flood hazard area and must participate in the flood insurance program.
- The community must have a “flood risk mitigation plan” that:
  - Describes the activities to be funded;
  - Is consistent with specific criteria contained in section 1361 of the National Flood Insurance Act of 1968 (“Criteria for Land Management and Use”);
  - Provides protection to structures which are covered by an existing flood insurance policy;

- Is approved by the Director (of FEMA);
- Includes a comprehensive strategy for mitigation activities for areas affected by the plan, and;
- Has been adopted by the State or the community following a public hearing.
- The Director (FEMA) has 120 days in which to review submitted mitigation plans and notify the State or community that the plan has been approved or disapproved.
- The community can use funding only for activities included in the approved flood risk mitigation plan that are technically feasible, cost-effective, and cost-beneficial to the National Mitigation Fund. Mitigation activities for repetitive loss structures and structures that have incurred substantial damage will receive higher priority.

### **Activities Eligible for Funding**

The National Flood Insurance Reform Act also lists specific activities that are eligible for funding, including the following:

- Demolition or relocation of any structure located on land along the shore of a lake or other body of water that is certified by an appropriate State or local land use authority to be subject to imminent collapse or subsidence as a result of erosion or flooding;
- Elevation, relocation, demolition, or floodproofing of structures (including public structures) located in areas having special flood hazards or other areas of flood risk;
- Acquisition by States and communities of properties (including public properties) located in areas having special flood hazards or other areas of flood risk and properties substantially damaged by flood, for public use, as the Director determines is consistent with sound land management and use in such area;
- Minor physical mitigation efforts that do not duplicate the flood prevention activities of other Federal Agencies and that lessen the frequency and severity of flooding and decrease predicted flood damages, which shall not include major flood control project such as dikes, levees, seawalls, groins, and jetties unless the Director specifically determines in approving a mitigation plan that such activities are the most cost-effective mitigation activities for the National Flood Mitigation Fund;
- Beach nourishment activities;
- The provision of technical assistance by States to communities and individuals to conduct eligible mitigation activities;
- Other activities the Director considers appropriate and specifies in regulation; and,

- Other mitigation activities that are not described above that are described in the mitigation plan of a State or community.

### **Funding Limits**

Different funding limits were established for planning and implementation activities under the act, as described below. Both categories of grants are provided on a 75 to 25 percent federal to local cost-share basis.

Specific funding limits for planning activities include the following:

- The total amount available for mitigation planning will be \$1,500,000 per year. Single grants to States and communities cannot exceed \$150,000 and \$50,000, respectively. The total amount of grants to any one state and all communities in that state in a fiscal year may not exceed \$300,000.
- Grants for mitigation planning to States or communities cannot be awarded more than once every 5 years and each grant may cover 1 to 3 years.

Specific funding limits for implementation activities include the following:

- Limits on grants for mitigation activities during any 5-year period may not exceed \$10,000,000 to any State or \$3,300,000 to any community. The sum of the amounts of mitigation grants that can be made during any 5-year period to any one State and all communities in that State is limited to \$20,000,000.

### **Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 93-288)**

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (The Stafford Act) provides assistance following Presidential declarations of major disasters. Title IV presents details on major disaster assistance programs, including provisions for property acquisition and relocation assistance. Cost sharing is available for up to 75 percent of the cost of any hazard mitigation measures that “the President has determined are cost-effective and which substantially reduce the risk of future damage, hardship, loss, or suffering in any area affected by a major disaster.” However, the total amount of mitigation funding under any disaster declaration cannot exceed 15 percent of the total grant funds provided for the disaster.

The specific terms and conditions used to determine if an acquisition or relocation project is eligible to receive federal funding under the Stafford Act are as follows:

- Acquisition and relocation projects funded under this act must be “cost-effective” and must “substantially reduce the risk of future damage, hardship, loss or suffering in any area affected by a major disaster.”
- Acquisition and relocation projects and all other mitigation measures must be identified based on an evaluation of natural hazards.
- The applicant (the County or the State) must complete an agreement stating that:

- The property will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or wetlands management practices;
- The only new structures that will be erected on the property are: 1) public facilities that are open on all sides and functionally related to a designated open space, 2) rest rooms, or 3) a structure that is approved by the Director in writing before the start of construction; and,
- No application will be made for additional disaster assistance for projects relating to the property and no federal funding will be granted for such projects.

### **Small Flood Control Projects-US Army Corps of Engineers (Corps)**

Section 205 of the 1948 Flood Control Act authorizes construction of small flood control projects, including levees, channel enlargement, realignments, obstruction removal, and bank stabilization. An important requirement attached to this assistance is that each project must be a complete solution to the problem and must not commit the federal government to additional improvements to insure effective operation.

Local government is responsible for 25 to 50 percent of the costs of the project and 100 percent of all future maintenance and operation costs. The federal cost per project can be no more than \$7,000,000.

### **Emergency Bank Protection-Corps**

Section 14 of the 1946 Flood Control Act provides for emergency streambank protection to prevent damage to highways, bridge approaches, municipal water supply systems, sewage disposal plants, and other essential public works facilities. Churches, hospitals, schools, and nonprofit public facilities may also benefit from work done under this program. Projects cannot be done solely to protect privately owned properties or structures. Again, each project must constitute a complete solution to the problem involved and must not commit the federal government to additional improvements to insure effective project operation.

Local government is responsible for at least 25 percent of the project cost. The maximum amount that the Corps can spend in a single year in any one locality is \$500,000.

### **Floodplain Management Services- Corps**

Section 206 of the Flood Control Act of 1960 authorizes the Corps to provide information, technical assistance, and guidance to city, county, state, and federal agencies. Examples of the types of informational assistance provided through this program are data on flood sources and types, obstructions to flood flows, flood depths or stages, flood water velocities, flood warning and preparedness, flood damage reduction studies and audits, and floodproofing.

While the Corps provides study findings and pamphlets to its customers free of charge, all costs for services must be reimbursed according to a set fee schedule. Other grant funds may be used to pay for these services wholly or in part.

### **Planning Assistance to the States- Corps**

Section 22 of the Water Resources Development Act allows the Corps to assist local governments in the preparation of comprehensive plans for the development, use, and conservation of water and related land resources. This program may encompass many types of studies, including water quality, habitat improvement, hydropower development, flood control, erosion, and navigation. Studies are typically at a planning level and do not include design for project construction.

Costs for projects undertaken under this program require a 50 percent local match. The local match can be met wholly or in part with other non-federal grant funds.

### **Habitat Restoration- Corps**

Assistance is available under Section 1135 of the Water Resources Development Act (PL 99-662) to provide funding to modify structures of a Corps project to restore fish and wildlife habitat. Fish and wildlife benefits must be associated with past Corps projects in the Stillaguamish River basin.

Planning studies, detailed design, and construction are funded with a 75 percent federal cost-share. The program requires a non-federal sponsor to contribute the remaining 25 percent funding match. The potential sponsor requests by letter that the Corps initiate a feasibility study. Following receipt of the letter of intent, the Corps will request study funds.

### **Watershed Protection and Flood Prevention Act (PL 83-566)-NRCS**

The Small Watershed Program of PL-566 provides federal funding through the Natural Resources Conservation Service (NRCS) for watershed protection, flood prevention, and agricultural water management. Funds from PL-566 can be used to prepare studies and construct flood control projects, both structural and nonstructural. PL-566 was modified in 1990 to authorize cost-share assistance to project sponsors for acquisition of wetland and floodplain easements to maintain or enhance the floodplain's ability to retain excess floodwaters, improve water quality and quantity, and provide habitat for fish and wildlife. PL-566 is a cost-sharing program that requires matching funds from a local sponsor.

This program was modified as a result of the 1993 flooding on the Mississippi River. The types of eligible projects have been expanded and, for some specific projects, the percentage of federal funding has been increased.

### **Aquatic Ecosystem Restoration-- Corps**

Section 206 of the 1996 Water Resources Development Act grants the Corps the authority to restore and protect aquatic ecosystems provided the project improves the quality of the environment, is in the public interest, and is cost-effective.

Project approval and federal participation is dependant on a feasibility report prepared by the Corps to determine if the project is structurally, environmentally, and economically sound. A local sponsor must coordinate the project and assume 35 percent of the project's cost. The Corps' share of the cost is not to exceed five million dollars.

### **Farm Program—USDA Farm Service Agency**

The Farm Service Agency (FSA) provides emergency loans to help cover production and physical losses in counties declared as federal disaster areas. Emergency loans may be used to replace essential property, pay production costs associated with the disaster year, pay living expenses, reorganize the farming operation, and refinance debt. To be eligible for Farm Program loans, the applicant must fulfill the following requirements:

- Be an established family farm operator;
- Be a citizen or permanent resident of the United States;
- Have the ability, training, or experience necessary to repay the loan;
- Have suffered a qualifying physical loss, or a production loss of at least 30 percent in any essential farm or ranch enterprise;
- Be unable to obtain commercial credit;
- Be able to provide collateral to secure the loan; and,
- Have multi-peril crop insurance, if available.

The loan is limited to 80 percent of actual loss, to a maximum of \$500,000 per disaster; special loan requirements and terms apply. Application for emergency loans must be received within 8 months of the disaster designation date.

## **STATE PROGRAMS**

There are currently two main state programs through which mitigation may occur. These programs are implemented under the Washington State Hazard Mitigation Grant Program and the Flood Control Assistance Account Program (FCAAP).

The Washington State Hazard Mitigation Grant Program is the mechanism through which various program elements of the Stafford Act are implemented. The FCAAP is a program in which the state assists local jurisdictions with comprehensive planning and flood control maintenance.

### **State Hazard Mitigation Grant Program**

The Washington State Department of Community, Trade, and Economic Development (CTED) coordinates state disaster mitigation, preparedness, response, and recovery activities. Under this mandate, the agency administers the State Hazard Mitigation Grant Program (also called the “404 program” after the section of the Stafford Act dealing with Hazard Mitigation), which is authorized and partially funded under the Stafford Act. State Hazard Mitigation Grants are made to local governments on a cost-share basis, with the federal, state, and local percentage matches set at 75, 12.5 and 12.5 percent, respectively. Federal funding for this program is contingent on a Presidential Disaster Declaration.

State and federal money distributed under this program can be used for projects that will result in the protection of public and private property. Such projects include but are not limited to:

- Structural hazard control or protection standards;
- Construction activities that will result in protection from hazards;
- Retrofitting of facilities;
- Property acquisition or relocation;
- Development of state or local mitigation standards;
- Development of comprehensive hazard mitigation programs and their implementation; and,
- Development or improvement of warning systems.

Despite a high level of mitigation funding, total requests by applicants for State Hazard Mitigation Grants have consistently been greater than the amount of funding available. Therefore, the State has established a competitive procedure for funding. Applications are reviewed by a panel of state and local officials and scored based on how well they meet the specific terms and conditions required by the Stafford Act (see above discussion of Stafford Act). This process is administered by CTED. Selected applications are then sent to FEMA for approval.

### **Flood Control Assistance Account Program**

Through the Flood Control Assistance Account Program (FCAAP) administered by Ecology, local governments participating in the National Flood Insurance Program (NFIP) and meeting state requirements are eligible for matching funds to finance emergency projects, Flood Damage Reduction, and to develop comprehensive flood hazard management plans.

Completion of this CFHMP is partially funded through allocations from the state FCAAP program. Adoption of this plan and completion of the proposed structural and nonstructural elements will mitigate flood hazards and achieve flood hazard goals. In addition, for Snohomish County to be eligible for FCAAP funding for flood control maintenance activities, a CFHMP must have been completed and adopted, or must be in the process of being prepared.

Additional information about the FCAAP program can be found in Chapter 1 of this document.

### **Centennial Clean Water Fund—Ecology**

The Centennial Clean Water Fund (CCWF) is both a grant and a loan program. CCWF-approved projects must be for the planning, design, acquisition, construction, and improvement of water pollution control facilities and activities. Flood control projects are typically not eligible for CCWF funds. However, if a water quality benefit can be

demonstrated as a result of a flood control project, CCWF funds can be made available. A total of \$2.5 million is available per funding cycle for facilities, with \$250,000 available for activities under the CCWF.

The CCWF grants program fund activity and facility-related projects. The CCWF requires a 50 percent local match for facilities and a 75 percent local match for activities. The local share may come from any combination of cash, other grants, or loans. In-kind contributions may be used for activities projects only.

The CCWF loan program will issue loans at the following interest rates: 0 to 5 years, 0.5%; and 5-20 years, 1.5%.

### **State Water Pollution Control Revolving Fund—Ecology**

Like the CCWF, the State Revolving Fund (SRF) finances planning, design, and construction of facilities, and the planning and implementation of activities that address water quality problems or water pollution prevention. Again, while the SRF is designed to provide assistance for water pollution control efforts, some flood control projects that will result in water quality benefits may be considered.

SRF loans may be used for up to 100 percent of a project's cost. SRF loans may also be used to provide a match for CCWF grants, with some restrictions.

The following interest rates apply to SRF loans: 0 to 5 years, 0.5%; and 5-20 years, 1.5%.

### **Public Works Trust Fund—CTED**

This state fund offers low interest loans for rehabilitation and repair of public works infrastructure, including surface water facilities. Local governments, such as counties, cities, and special purpose districts, are eligible for these loans. Loans are paid back using revenue from sources such as local utility and sales taxes on local water, sewer, and garbage collection, and from a ¼-percent real estate excise tax. Applications are accepted annually between April and July.

### **Emergency Relief (ER) Funds—WSDOT and FHWA Title 23**

The Washington State Department of Transportation (WSDOT) serves as the clearinghouse for emergency road repair grants for damage associated with declared federal disaster areas. These grants can provide technical assistance and construction funds to the municipality from federal (Federal Highway Administration) sources for temporary or permanent restoration of flood-damaged roadways that are classified as federal aid routes. Non-federal aid routes are eligible for repair funding through FEMA under the Robert T. Stafford Disaster Relief and Assistance Act. Title 23 Emergency Relief funds are a major source of federal grants. Permanent repairs can often incorporate designs that help prevent future damage. The local jurisdiction can also contribute additional funds, beyond that allocated for permanent restoration, to incorporate additional mitigation features into the project. To be eligible for ER funds, statewide damage must exceed \$700,000 in repair costs. Damage to individual sites, must exceed

\$5,000 in repair costs. The Trans-Aid Division of WSDOT passes through Federal Highway Administration (FHWA) regular road funds and Title 23 Emergency Relief funds.

## **COUNTY PROGRAMS**

The following list includes current sources of funding used by Snohomish County for surface water management and flood hazard management activities. A brief description of each source is provided and whether or not these sources apply specifically to flood hazard management is noted.

### **Real and Personal Property Tax/River Improvement Program**

A portion of the Real and Personal Property Tax (RPPT), Chapter 4.46 of Snohomish County Code, is directed towards flood water management activities described in the River Improvement Program, Title 30 of SCC. The tax is countywide, in that all residents and city municipalities, pay the RPPT. This funding source is used for flood hazard planning, bank stabilization, and maintenance and repair of County flood control structures. The Cooperative Bank Stabilization Program (CBSP) was also established through the River Improvement Program. Snohomish County Department of Public Works provides technical assistance and will reimburse the cost of materials used in private bank stabilization projects.

### **Clean Water District**

The Lower Stillaguamish Basin has been designated a Clean Water District (CWD) under Title 25a, which is a hybrid of a stormwater fee district under RCW 36.89 and a shellfish protection district under RCW 90.72 Like the WMA, fees are collected based on unincorporated land based on land use and the amount of impervious surface area on a parcel. Fee revenues are used for water quality restoration, water quantity management programs, and shellfish protection activities within the CWD. These fees are available to control stormwater-related flooding problems.

### **Real Estate Excise Tax (REET)**

The Real Estate Excise Tax is divided into two categories, REET 1 and REET 2. REET 1 is a major source of funding used for river flooding capital projects. REET 2 is used for capital improvement projects that address drainage problems in urban Snohomish County that involve either acquisition or the construction of new structures.

### **Road Maintenance Fund**

This fund is collected from the county gas tax and is used to finance projects directly related to county roads. The funds can be used to maintain and construct flood control structures that protect county roads.

## **FUNDING STRATEGY**

The following strategy summary is recommended to fund this Stillaguamish flood hazard management plan:

- Conduct an internal workshop to evaluate the current state of funding and options for additional revenue sources according to the respective evaluation criteria.
- Establish a forum for coordination between the Stillaguamish Flood Control District, cities in the Stillaguamish Basin, and Snohomish County. Because watershed boundaries typically overlap political boundaries and flood hazard management concerns are experienced by multiple jurisdictions, this CFHMP provides an opportunity not only to coordinate flood management actions with adjacent authorities but also to combine efforts as well as funding sources to implement projects of shared benefit. The jurisdictions may be willing to pool resources in order to achieve common objectives. This could potentially reduce the capital investments recommended in the plan. The possibilities of sharing in the financing of flood hazard management projects should be explored.
- Continue to actively pursue state and federal grant programs to supplement funding of capital improvements provided by the local funds.
- Continue to allocate at minimum the current levels of RPPT to support implementation of flood hazard management plans.