



April 14, 2010

Ms. Rachelle Rickard
Director of Administrative Services
City of Atascadero
6907 El Camino Real
Atascadero, California 93422

Subject: Response to Second Appeal –PW 229
FEMA-1505-DR, San Simeon Earthquake
Cal EMA ID: 079-03064 FEMA ID: 079-03064-00
Subgrantee: City of Atascadero
Cal EMA Log: 349936.4 FEMA Log: None

Dear Ms. Rickard:

On April 5, 2010, the California Emergency Management Agency (Cal EMA) received the enclosed letter dated March 26, 2010, from the Federal Emergency Management Agency (FEMA). The purpose of the letter is to inform the city of Atascadero (city) that FEMA has denied the second appeal of Project Worksheet (PW) 229, for repairs to the City Hall building.

The city's second appeal requested funding as follows: \$4,463,453 in Architectural and Engineering Services, \$21,199,446 in disaster repairs, and \$1,724,523 in hazard mitigation funding for a grand total amount of \$27,387,422. Cal EMA supported the city's argument that its second appeal is entitled to receive an unbiased review by FEMA Headquarters. Cal EMA has outlined its recommendation for each of the issues. For those issues supported by Cal EMA, Cal EMA recommended FEMA's approval pursuant to *Title 44 of the Code of Federal Regulations Section 206.226, and 206.228* to restore City Hall to its predisaster condition. In addition, pursuant to the California Building Code, Sections 3.403.2, 3405.1, and the California Historical Building Code, Section 8-805.3, Cal EMA supported the city's argument that the proposed work is not "upgrades" but, rather, standards to conform to requirements for a new building or structure.

After review of the city's second appeal, FEMA has determined that strengthening of the unreinforced masonry walls (URM) and foundations at City Hall is appropriately funded as hazard mitigation. The city's second appeal addressed 14 specific issues and requested revisions to PW 229 to include changes in the scope of work and estimated costs. The city did not present conclusive evidence that differential settlement of the site was a direct result of the disaster. Other adjustments to the eligible scope of work and costs may occur through the grant management process if the city provides supporting documentation that details additional

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disaster-related damage and cost-effective repair. At this time, there is no evidence that adjustments to the scope of work and/or costs are warranted. Therefore, FEMA denied the city's second appeal. Please refer to the enclosed letter for additional information.

This second and final appeal determination exhausts the federal administrative review process provided under *44 CFR, Section 206.206*. Please consult with your legal counsel for information about post-administrative remedies.

If you require additional information related to this correspondence, please contact Mr. Donald Cardenas, Area Coordinator, at (916) 845-8223 or Ms. Pamela Rarick, Area Analyst, at (916) 845-8239.

Sincerely,

A handwritten signature in black ink, appearing to read "MBaldwin", with a long horizontal flourish extending to the right.

MICHAEL BALDWIN
State Public Assistance Officer

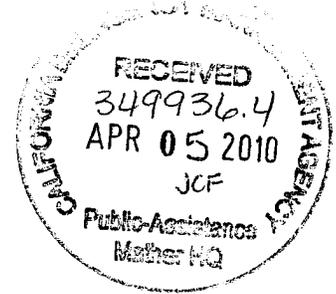
Enclosure

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MAR 26 2010



FEMA



Mr. Frank McCarton
Governor's Authorized Representative
Governor's Office of Emergency Services
Response and Recovery Division
3650 Schriever Avenue
Mather, California 95655

Re: Second Appeal—City of Atascadero, PA ID 079-03064-00, City Hall, FEMA-1505-DR-CA,
Project Worksheet 229

Dear Mr. McCarton:

This letter is in response to your letter dated June 18, 2009, which transmitted the referenced second appeal on behalf of the City of Atascadero (Applicant). The Applicant is appealing the decision of the Department of Homeland Security's Federal Emergency Management Agency (FEMA) regarding funding for damages to the Atascadero City Hall (City Hall) resulting from the December 22, 2003 San Simeon earthquake.

As explained in the enclosed analysis, I have determined that strengthening of the unreinforced masonry walls and foundations at City Hall are appropriately funded as hazard mitigation. I have reviewed the information submitted with the appeal and have determined that the Regional Administrator's decision in the first appeal is consistent with Public Assistance regulations and policy. Accordingly, I am denying the second appeal.

Please inform the Applicant of my decision. This determination constitutes the final decision on this matter pursuant to 44 CFR §206.206, **Appeals**.

Sincerely,

A handwritten signature in black ink that reads "Elizabeth A. Zimmerman".

Elizabeth A. Zimmerman
Assistant Administrator
Disaster Assistance Directorate

Enclosure

cc: Nancy Ward
Regional Administrator, Region IX

SECOND APPEAL ANALYSIS
FEMA-1505-DR-CA
City of Atascadero; PA ID 079-03064-00
City Hall, Project Worksheet 229

BACKGROUND

The Atascadero City Hall (City Hall) was constructed between 1914 and 1918 using local resources, including bricks made from local clay. The building was designed and constructed as a Greek Cross in plan and has two separate and distinct rotunda spaces on the first and fourth floors at the center of the building. Below the fourth floor the structural system consists of cast-in-place reinforced concrete floors and columns. Unreinforced brick masonry (URM) walls are infilled between the columns on the exterior walls. On the fourth and fifth floors the structural systems consist primarily of wood floor and roof framing with URM bearing walls and steel columns on the interior. It is reported that the foundations consist of shallow spread footings. The structure was listed on the National Register of Historic Places in 1977 and was made a California Registered Historical Landmark in 1984.

The December 22, 2003, San Simeon earthquake caused structural and nonstructural damage to City Hall. The City of Atascadero (Applicant) claimed that the earthquake caused the building's foundations to settle differentially and caused extensive cracking of the URM walls. The building has not been occupied since the earthquake and unrepaired exterior walls have allowed access by pigeons and moisture resulting in pigeon guano accumulation and mold intrusion. The heating, ventilation and air conditioning (HVAC) system was not operated or maintained because the building has been red-tagged or yellow-tagged since the earthquake, which impeded the maintenance personnel from servicing, maintaining, or draining the existing equipment. The city water and gas to the building were shut-off. The plumbing systems were drained. The water source heat pump loop was left full with presumably chemical treated water. The condenser water-circulating loop consists of un-insulated copper piping. The air conditioning system consists of water source heat pumps located throughout the City Hall building and a remote central condenser water plant located across the street in a partially enclosed structure that had no reported earthquake damage.

The U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) approved funding to repair damage to City Hall, restore it to pre-disaster condition, and provide appropriate hazard mitigation. On October 22, 2007, FEMA approved \$15,816,218 on Project Worksheet (PW) 229-1 - \$4,628,602 for repairs to restore City Hall to pre-disaster condition, \$10,830,863 for hazard mitigation, and \$356,753 for architectural and engineering (A&E) services.

First Appeal

The Applicant submitted its first appeal of PW 229 to the California Emergency Management Agency (CalEMA) in a letter dated February 1, 2008. CalEMA forwarded the appeal to FEMA in a letter dated March 13, 2008. In its appeal, the Applicant claimed that strengthening of URM

walls and foundations should be funded as eligible repair work rather than hazard mitigation as approved on PW 229. The Applicant requested additional costs due to settlement of the building, wall repairs, painting, guano and mold abatement, A&E, project/construction management (PM/CM), fencing, netting and brick storage, as well as damage to floors, roof drains, lavatories, lighting, landscaping, the HVAC system, and mechanical, electrical and plumbing (MEP) systems. The Applicant requested total funding of \$25,818,914 - \$21,076,749 for repairs, \$1,724,783 for mitigation, and \$3,017,381 for A&E services.

FEMA determined that the Applicant was eligible for an additional \$166,738, for wall repairs, HVAC, MEP, painting, and roof drains. FEMA re-categorized \$5,372 that was previously approved for mitigation as a repair due to the level of damage. However, re-categorization and additional funding for other work was denied because the work was not required by code, FEMA-eligible, earthquake-related and/or adequately documented. FEMA also determined that other items, including A&E, PM/CM, guano and mold, fencing and netting, were eligible costs that FEMA would consider funding at project closeout.

Second Appeal

The Applicant submitted its second appeal to CalEMA in a letter dated February 9, 2009. CalEMA forwarded the appeal with its recommendations to FEMA on June 18, 2009. The Applicant submitted additional documentation in a letter dated June 26, 2009, to supplement its claim regarding URM structural damages and repairs. In its second appeal, the Applicant reiterated its claim for additional repair funding on 14 specific issues that were raised in the first appeal. Each of these items is addressed in the "Discussion" section below. The Applicant requested total funding of \$27,388,322 - \$21,199,446 for repair, \$1,724,523 for mitigation, and \$4,463,453 for A&E services. CalEMA generally supported the Applicant's appeal position, with minor exceptions noted.

DISCUSSION

Applicable Building Code

The Applicant requested that FEMA acknowledge that the City's building code satisfies the criteria in 44 CFR § 206.226 (d), *Standards*, and is the applicable code for repair of City Hall. Therefore, the repair of earthquake damage required by the code is eligible for reimbursement.

The applicable building codes for repair of City Hall are the 2001 California Building Code (CBC) and Title 8 Building Regulations of the Atascadero Municipal Code. As a registered historic building, repairs to City Hall are also governed by the 2001 California Historic Building Code (CHBC). According to the Applicant, the applicable codes provide that repairs may be made without requiring the entire building to comply with all requirements of the code, provided the repair conforms to that required for a new building. The Applicant claimed that strengthening of the URM walls and foundations, characterized by FEMA as hazard mitigation, is required by code in order to complete disaster-related repair and should be reimbursed as eligible repair work.

FEMA agrees that the referenced codes apply to the repair of City Hall, but does not agree that they require the upgrades that the Applicant proposes. FEMA has consistently interpreted CBC language as requiring that all earthquake damage repairs must be done in a code-compliant manner using code-compliant materials.

Wall Repairs

FEMA approved \$777,804 for reinforced concrete overlays to walls on the 1st, 2nd, and 3rd floors and \$397,025 for carbon fiber overlays on the 4th and 5th floors as hazard mitigation. The Applicant requested that FEMA consider this work as eligible code repair instead of hazard mitigation.

The Applicant stated that reinforced concrete overlays at the 1st, 2nd, and 3rd floors and carbon fiber overlays at the 4th and 5th floors meet code requirements, minimize the impact of repair on the historic fabric of the building, and are more effective than reconstruction of the walls. The Applicant claimed that the overlays are an eligible code-required repair and should be funded for actual cost instead of capped costs as hazard mitigation. The Applicant provided documentation showing new damage reported in Summary B and Attachment 29 of its first appeal.

In response to the first appeal, FEMA partially granted the Applicant's request regarding wall repairs. Based on newly reported damage, FEMA approved an additional \$15,600 for repair of two walls with cracks larger than ¼" in the first floor level by removal and replacement of the damaged walls. Use of carbon fiber overlay at the upper corners of the fifth floor level, previously approved as mitigation, was approved as a cost-effective repair and accordingly recharacterized with no additional funding.

In its second appeal, the Applicant claimed that the extent of damage requires total reconstruction of damaged walls (with limited exceptions for minor cracks). The Applicant asserted that application of the provisions in CHBC §8-805.3 mandates compliance with the CBC to include wall reinforcement when damaged URM walls are removed and replaced during repair. To accommodate new steel reinforcement, reconstructed masonry walls would need to be thicker and would affect the architectural proportions of window and door relationships. Therefore, the Applicant claimed that concrete and carbon fiber overlays are the most appropriate method of repair to minimize impact on the historic fabric of the building.

In a supplemental report to the second appeal, "Appeal #2 – URM Wall Repairs" dated June 22, 2009, the Applicant claimed that FEMA underestimated the quantity of damaged walls that require repair by removal and replacement. The Applicant asserted that cracks in URM walls between 1/8" and 1/4" cannot be repaired, as claimed by FEMA, using grout injection and repointing of spalled mortar. The Applicant asserted that walls with this degree of damage must be removed and reconstructed. Section 4.3 of the report claimed that the quantity of localized wall that require repair using removal and replacement was estimated to be 1,664 square feet (sq ft) compared to 248 sq ft that FEMA estimated.

Furthermore, the Applicant claimed that fundamental earthquake engineering principles require strengthening of walls that were not directly damaged by the earthquake, referred to as

“comprehensive walls repairs.” According to the Applicant, principles that govern strength and stiffness require additional wall strengthening to avoid discontinuities and irregularities in the structural earthquake system. Therefore, as detailed in the June 22 report, the impact of localized wall repair (1,664 sq ft) on the structural system requires strengthening of 13,390 sq ft of walls. The Applicant asserted that a patchwork system of localized wall repairs, as proposed by FEMA, creates discontinuities and irregularities that is not code compliant or compliant with fundamental earthquake engineering principles.

The following are relevant sections of the CHBC, including definitions of “Reconstruction” and “Repair”:

CHBC §8-805.3 Reconstructed Walls. Totally reconstructed walls utilizing original brick or masonry, constructed similar to original, shall be constructed in accordance with regular code. Repairs or infills may be constructed in a similar manner to the original walls without conforming to regular code.

CHBC §8-219-R Reconstruction. The act or process of depicting, by means of new construction, the form, features, and/or detailing of a nonsurviving qualified historical building or property for the purpose of replicating its appearance at a specific period of time.

CHBC §8-219-R Repair. Renewal, reconstruction, or renovation of any portion of an existing property, site or building for the purpose of its continued use.

It is evident from these sections that the CHBC allows flexibility in repairs to historic buildings. CHBC definitions state that repair includes “reconstruction... of any portion of an existing... building” such as the reconstruction of damaged masonry walls. Reconstruction (i.e. totally reconstructed walls) involves *new* construction of a “nonsurviving” building for the purpose of replicating its appearance. In other words, CHBC §8-805.3 mandates compliance with the CBC to include masonry wall reinforcement in new construction for replicating the appearance of an historic building. CHBC §8-805.3 allows repair (including, by definition, reconstruction of damaged walls) in a similar manner to the original walls without conforming to CBC. Therefore, code-compliant repair of damaged masonry walls at City Hall may be made without adding reinforcement. The addition of reinforcement, or the alternative concrete and carbon fiber overlays, are considered to be an upgrade and are appropriately funded as hazard mitigation rather than repair.

FEMA maintains that moderate damage of URM walls at City Hall, including cracks between 1/8” and 1/4”, may be appropriately repaired by selective removal of damaged bricks/blocks and resetting or replacing them with in-kind materials. Furthermore, repair of damaged walls with cracks larger than 1/4” may be made using in-kind removal and replacement, without the addition of wall reinforcement, and will not impact strength and stiffness or create discontinuities or irregularities of the structural system. Therefore, the Applicant’s request to fund upgrades to URM walls as eligible repair is denied.

Settlement

FEMA approved \$7,509,567 to strengthen the building's foundation and to level the building as hazard mitigation. The Applicant requested that FEMA fund this work as eligible code-mandated repair. In addition, the Applicant requested that FEMA approve \$241,575 to repair damage to the façade that will result from re-leveling of the building.

The Applicant claimed that the earthquake caused liquefaction of subsurface soil and differential settlement of the building foundation. Therefore, the Applicant claimed that re-leveling of the building due to settlement is eligible repair work. FEMA denied the Applicant's request for repair funding to re-level the building because the Applicant did not demonstrate that the 2003 earthquake caused the differential settlement identified in the appeal. Accordingly, FEMA also denied the Applicant's request for funding to repair the façade or other damages, such as additional floor cracking, which may result from re-leveling of the building.

In its second appeal, the Applicant provides no new geotechnical evidence to support its claim that differential settlement was a result of the disaster. The Applicant included testimonial accounts from staff that worked in the building and noticed changes in the building's floor levels after the earthquake. The Applicant also asserted that FEMA has not provided scientific professional evidence to prove that settlement did not occur. Furthermore, the Applicant argued that FEMA officially acknowledged that settlement occurred due to the disaster because foundation enhancements were granted under hazard mitigation funding.

During PW development, FEMA noted that the reliability of the Applicant's geotechnical data obtained by hollow-stem auger method without drilling fluid or water was highly questionable for the given soil conditions. FEMA recommended additional testing to support the Applicant's claim that differential settlement at the site was the result of liquefaction during to the earthquake, rather than site settlement occurring over 90 years of building life. The Applicant did not conduct additional geotechnical testing. Hence, no reliable scientific data has been provided to conclude that re-leveling of the building is eligible as a direct result of the disaster. FEMA does not acknowledge that the earthquake caused the building to settle. FEMA approved the foundation enhancements to account for the additional load resulting from the wall overlays and to protect the building during future earthquakes based on the geologic conditions at the site.

An article in the San Louis Obispo Tribune on June 4, 2003, stated that the City contracted with a Paso Robles company to assess the settlement of the building in 2003. The company observed a differential settlement of seven inches in the building. The article also reported that city officials observed a "4-foot-long bump in the floor" and cracks in walls that increased in size over time. Another article in the same newspaper on June 19, 2003, reported the same observations about settlement of the building. These articles appeared several months before the earthquake occurred and support the conclusion that the building settled before the earthquake.

Based on the above, the Applicant's request to fund the foundation enhancements as eligible repair is denied. The request to fund repair of the façade is also denied because the leveling of the building is not required to repair disaster-related damage.

Floor Cracks and Spalls

The Applicant requested \$87,245 to repair "projected" floor cracks and spalls on the 2nd and 3rd floor levels. Both in the original PW and in response to the first appeal, FEMA stated that floor cracks on the 2nd and 3rd floor levels that may be discovered when floor coverings are removed, before any re-leveling and where it can be demonstrated that they are directly related to building earthquake response, will be eligible for epoxy injection. However, advance approval of funding is not justified because additional disaster-related damage has not been verified or quantified. Therefore, the Applicant's request for additional funding is denied.

Mold and Pigeon Guano Abatement

The City requested that FEMA include language in the PW scope of work for cleanup of pigeon guano, mold and mildew. It estimates the cost for the cleanup to be \$819,374. Both in the original PW and in response to the first appeal, FEMA stated that the general scope and future actual costs for these items, if reasonable and well documented, would be eligible. The Applicant did not submit a definitive scope of work and an explanation of the cost estimate with the second appeal. FEMA acknowledged that the removal of mold and pigeon guano from the building is eligible and added an appropriate statement to the PW. FEMA will include a cost estimate for this work in the PW upon receipt of supporting documentation.

Heating, Ventilation, and Air Conditioning (HVAC) System

The Applicant requested \$3,043,908 to replace the HVAC system. The Applicant claimed that the cost to replace the HVAC system is cost effective when compared to repair and should be included in the eligible scope of work. In response to the first appeal, FEMA partially granted the Applicant's request for additional funding in the amount of \$40,500 to replace ten domestic water heaters and one rooftop air conditioner. However, FEMA denied the Applicant's request for funding to replace all HVAC systems.

In its second appeal, the Applicant stated that it will hire an expert to test the system and document the full extent of damages to the HVAC system. The Applicant claimed that the cost of testing would be greatly reduced if completed at the reconstruction phase following abatement of pigeon guano and mold. The Applicant stated that FEMA agreed to this timeframe during a conference call on March 24, 2009. The Applicant asserted that the extent of damages may show a necessity to replace, rather than repair, the system. The Applicant stated that if replacement of the system is shown to be more cost-effective than repair, documentation would be submitted at a later date to substantiate its claim.

FEMA appropriately addressed why funding to replace the HVAC system was not eligible for funding in the first appeal response. The Applicant did not provide any compelling information to change the first appeal determination. Therefore, the Applicant's request for additional funding to replace the HVAC system is denied.

Re-Start of Mechanical, Electrical, and Plumbing (MEP) Systems

The Applicant requested \$902,585 to restart the MEP systems that have been mainly shut down since the building was vacated after the earthquake. In response to the first appeal, FEMA approved additional funding in the amount of \$10,500 for pressure testing and flushing existing condenser water piping.

In its second appeal, the Applicant contended that damage to the MEP system is more extensive than recognized by FEMA. Therefore, as part of the HVAC testing discussed above, the Applicant stated it will evaluate and provide documentation to FEMA at a later date of the extent of damages to the system. FEMA appropriately addressed this request in response to the first appeal. The Applicant did not submit any compelling information to change the first appeal determination. Therefore, the Applicant's request for additional funding is denied.

Code Requirements

The Applicant requested \$918,612 for code-required repairs/upgrades to the building. According to the Applicant, FEMA should fund code requirements specifying the minimum amount of work that must be done to re-occupy the building. The requirements include new interior and exterior doors, fire alarm system, sprinkler system, roof drainage, and lighting upgrades and control. In response to the first appeal, FEMA noted that it is not required to fund all work required by the local jurisdiction in order to re-occupy the building. In its second appeal, the Applicant reiterated its request for funding of code work required to obtain an occupancy permit to begin re-using the building. The Applicant argued that when a building is reconstructed and the changes to the building will make other portions of the building unsafe or will cause a violation of code, the CBC requires that those life safety requirements be met. The Applicant cites CBC Sections 3403.2, 3405.1, 202-A, and 219-R; CHSC Sections 8-302.1, 8-3.2.6, 8-410.1, 8-502.1 and 2, 8-202-A and 8-219 - R to support its position.

Recovery Division Policy 9527.3, *Interim Policy on Construction Codes and Standards for the San Simeon Earthquake*, dated June 25, 2004, states in pertinent part, "FEMA will determine the applicability and reasonableness of all code thresholds, pursuant to subsection 7D of this policy, and will pay only for upgrade work within the same system (i.e., structural, electrical, mechanical) as the disaster-damages." The Applicant's request is not consistent with this policy. Therefore, the Applicant's request for funding code requirements that do not apply to eligible disaster-related repair work is denied.

Painting

The Applicant requested that the eligible scope of work for painting include the entire wall in the lower and upper rotundas at a cost of \$160,750. In response to the first appeal, FEMA approved additional funding of \$4,739 and \$13,405 for the lower and upper rotundas, respectively, as requested by the Applicant. FEMA denied the Applicant's request to provide funding for repainting all walls within a room where plaster cracking was repaired.

In its second appeal, the Applicant stated that it would provide at a later date contractor estimates to show that it is more cost-effective to paint each room in its entirety rather than to only paint walls that are repaired. Although the Applicant claimed that painting all walls would be more cost-effective, additional funding in the amount of \$160,750 is requested in the second appeal to patch and paint those walls. In lieu of conclusive cost data to support otherwise, FEMA funding is limited to the painting of walls that require damage repairs and the Applicant's request to change the PW scope of work and funding is denied.

Damage to Roof Drains and Second Floor Lavatories

The Applicant submitted new claims of damage to roof drains and second story lavatories caused by falling bricks and brick mortar with the first appeal. In response to the first appeal, FEMA approved additional funding of \$11,200 for roof drain replacement with code-compliant overflow drains and stated that repair of the second story lavatories was included in previously approved cost for compliance with the Americans with Disabilities Act. There are no items to address on second appeal for this issue.

Lighting

The Applicant requested that FEMA provide funding to replace certain lighting fixture elements. In addition, the Applicant requested that FEMA add language to the scope of work indicating that costs to remove, store, and re-install existing lighting are eligible and that replacement of the existing light fixtures should be eligible if determined to be more cost-effective than removal-storage-reinstallation of existing lighting. FEMA denied the Applicant's request stating that the Applicant has not demonstrated that the missing items are related to disaster damages.

In its second appeal, the Applicant reiterated its request for \$9,585 to replace fixture elements listed as "missing lens" (12 each), "missing end plate" (6 each), and "missing face plate" (6 each). The Applicant claimed that these items were damaged or destroyed due to the disaster. However, the Applicant did not provide any evidence to document that the disaster damaged these items. Accordingly, the Applicant's request for additional funding is denied.

In its second appeal, the Applicant reiterated its request to modify the PW scope of work to include language for storage and reinstallation of lighting (not damaged by the disaster) during the construction process, or replacement of such lighting if shown to be more cost-effective. The PW outlines the eligible scope of work. To the extent that eligible disaster-related repairs require removal and reinstallation (or replacement) of lighting, the most cost-effective alternative for ancillary work related to completing eligible repairs would be funded. Therefore, the Applicant's request to modify the PW scope of work and funding is denied.

Grounds/Sitescape

The Applicant requests that FEMA provide funding to support the restoration of the historical fabric of the landmark by funding the cost to return the landscaping to its pre-disaster condition. In response to the first appeal, FEMA noted that the PW provides funding for reseeded to restore construction staging areas. However, the Applicant's request for funding to restore

landscaping was denied pursuant to Disaster Assistance Policy 9524.5, *Trees, Shrubs and Other Plantings Associated with Facilities*. In its second appeal, the Applicant acknowledged that landscaping, other than re-seeding, is ineligible and withdrew that portion of its request. However, the Applicant included in the second appeal a request for \$71,886 in funding for replacement of damaged landscaping. The Applicant's request for additional funding is denied.

City Costs Incurred to Date

The Applicant requested that FEMA include in the PW \$70,142 it has incurred to date for fence rental, upper rotunda netting, brick storage, and mold testing. In response to the first appeal, FEMA stated that the types of items mentioned are generally eligible as associated work necessary to perform the approved scope of work and are included in the Cost Estimating Format (CEF) provided with the PW. FEMA determined that the cost to rent and subsequently purchase storage bins to store bricks exceed reasonable measures required in order to safeguard the bricks for future use in the building's reconstruction and denied additional funding for this item.

In its second appeal, the Applicant reiterated its request to revise the PW and include costs for the items mentioned above and a covered construction walkway. The Applicant asserted that these costs are not already accounted for in the PW. The PW does account for the costs claimed by the Applicant through application of the CEF. The CEF provides an estimate of the total project cost by applying base construction costs in Part A and applying factors for other project costs in Parts B-H. The CEF Part B includes construction costs for work that facilitates execution of the eligible work, but the costs are not typically itemized in Part A. Part B includes such costs as the general contractor's field supervision costs and job site costs, including temporary services and utilities, safety and security measures, and quality control and administrative submittals. Funding for actual costs related to completion of eligible work (as requested by the Applicant in this section) will be adjusted, as needed, through the closeout process. Therefore, the Applicant's request to revise the PW for costs incurred to date is denied.

Architectural and Engineering (A&E) Services

The Applicant requested \$4,106,700 for A&E services. In response to the first appeal, FEMA stated that the PW provided funding for actual costs for A&E services performed to a specific date, while funding for the project management/construction management (PM/CM) services was estimated using FEMA's CEF. FEMA noted that reasonable actual eligible costs for A&E services and PM/CM services would be reconciled and funded at project closeout and denied the Applicant's request for additional funding at this time. In its second appeal, the Applicant requested that the PW be revised so that A&E services are estimated as 19 percent of the cost of construction.

The PW provides scope of work and funding for estimated costs to complete A&E services and PM/CM services for the eligible scope of repair. Actual, reasonable costs for these services will be adjusted as needed at project closeout. Additional costs associated with the hazard mitigation project will affect the cost effectiveness of the project. FEMA will not adjust the estimate for A&E services at this time.

CONCLUSION

The Applicant's second appeal addressed 14 specific issues and requested revisions to PW 229 to include changes in the scope of work and estimated costs. The work to strengthen URM walls and foundations is appropriately categorized as mitigation. The Applicant did not present conclusive evidence that differential settlement of the site was a direct result of the disaster. Other adjustments to the eligible scope of work and costs may occur through the grant management process if the Applicant provides supporting documentation that details additional disaster-related damage and cost-effective repair. At this time, there is no evidence that adjustments to the scope of work and/or costs are warranted. Therefore, the appeal is denied.