



January 10, 2022

The Honorable Craig Brown
Mayor
The City of Galveston
823 Rosenberg
Galveston, TX 77550

Subject: DR-1791 Immediate Action Required – FEMA Administrative Closeout

Dear Mayor Brown,

On September 13, 2008, a major disaster declaration was granted for Hurricane Ike (DR-1791). Over the last thirteen years, billions of dollars in Public Assistance funding have been granted to eligible applicants to assist in recovery efforts. According to 44 CFR § 207.9, FEMA will reimburse eligible costs for a maximum of 8 years from the date of the major disaster declaration. FEMA has granted multiple extensions since the eight-year period of performance ended in 2016.

FEMA has notified the state of Texas that they plan to begin the process of administratively closing the DR-1791 Public Assistance grant, pursuant to 2 CFR 200, Subpart D. FEMA will pursue administrative closeout of a grant award when the subrecipient is noncompliant with financial and programmatic reporting requirements.

Immediate action is required from The City of Galveston to expedite the closure of open projects for DR-1791. Attached, you will find a listing of all open projects within your account. If the projects are complete and not closed with the state, you are out of compliance with federal regulation and immediate action will be taken.

Immediate Actions:

The following actions will be taken for all open projects from DR-1791:

- TDEM is providing any outstanding receivables for DR-1791 which remain unresolved. Any outstanding receivables require the return of all funds **by February 9, 2022**. Through the review of documentation and the closeout process, additional receivable letters may be issued as needed. Offsets will no longer be considered for outstanding receivables.
 - Policy Reference: 44 CFR §13.52 requires “Any funds paid to a grantee in excess of the amount to which the grantee is finally determined to be entitled under the terms of the award constitute a debt to the Federal Government.”



- For projects which work is complete or reported as 99 or 100 percent complete on the last quarterly report, The City of Galveston must provide all documentation required to substantiate eligibility, insurance proceeds, cost reasonableness, and cost incurred **by February 9, 2022**. If documentation is not received by this date, the project will be sent to FEMA for closeout.
 - Policy Reference: Public Assistance Policy Digest page 129 requires the subgrantee to be “responsible for completing its recovery actions” and “is accountable to the grantee for the use of the funds provided by FEMA.”
- Upon review of the documentation provided during this period, TDEM may request additional supporting documentation for project closeout. In this case, TDEM will issue a request for information (RFI) providing 15 days to satisfy the request. If the RFI is not sufficiently answered, the deobligation of funds or other remedies deemed appropriate for closeout will be initiated.

Once administrative closeout is initiated, this process may result in reduction or loss of awarded funds to the subrecipient according to 2 CFR §200.338.

Upon notification of FEMA’s action of project closure, an applicant has the right to appeal the action within 60 days. Please note, the recoupment of funds is not a FEMA determination and therefore not an appealable action.

Thank you for your time and consideration. Should you have any questions or require additional information, please do not hesitate to contact Section Chief Michelle Ellis at 512-952-9061 or by email at michelle.ellis@tdem.texas.gov.

Sincerely,

A handwritten signature in cursive script that reads "Shaun P. Miller".

Shaun P. Miller, CEM, TEM, PMP
Assistant Chief
Texas Division of Emergency Management





Attachment

Please see below for a listing of outstanding documentation required for project closeout as outlined in the Public Assistance Policy Digest page 129 and referenced in the attached letter:

Grant #	Grant Name	Applicant Name	Proj F#	Proj Title	Eligible Amount	Completion	Pending Action
1791	Hurricane Ike	Galveston	1396	Airport Terminal Building	\$93,233.21	4/20/2011	RFR in process, closeout documents have been received from Applicant. Then pending compliance review
1791	Hurricane Ike	Galveston	4937	Garten Verein	\$824,897.00	9/11/2015	Pending FSR Completion - documents have been received
1791	Hurricane Ike	Galveston	9167	Galveston, City of	\$1,331,028.90	9/28/2015	RFR in process, closeout documents have been received from Applicant. Then pending compliance review
1791	Hurricane Ike	Galveston	14464	Street's Department storage yard	\$302,117.00	7/2/2018	RFR in process, closeout documents have been received from Applicant. Then pending compliance review
1791	Hurricane Ike	Galveston	14803	Airport WWTP	\$1,187,159.80	9/17/2020	RFR in process, closeout documents have been received from Applicant. Then pending compliance review
1791	Hurricane Ike	Galveston	15155	Geo Tubes/Dune	\$1,506,887.08	12/11/2014	RFR in process, closeout documents have been received from Applicant. Then pending compliance review
1791	Hurricane Ike	Galveston	14470	Island Transit's Trolley Track	\$159,682.00	6/30/2021	Pending Applicant Response to FCR Results



Please see below for a listing of outstanding receivables requiring repayment as outlined in 44 CFR §13.52 and referenced in the attached letter:

Grant #	Applicant Name	Proj Title	Proj Category	Proj #	Amount Due	Reason
1791	Galveston	Fire Station # 4 Contents	E	3560	(\$8,366.90)	Actual costs for this project at closeout were less than the FEMA estimated amount and the advanced federal share. In addition, FEMA revised the insurance reductions on this project from \$40,268.06 to \$505.42. There is a net overpayment of \$8,366.90 for this project.
1791	Galveston	Fire Station # 1 Contents	E	3164	(\$19,900.98)	FEMA's closeout review resulted in their disallowance of all costs associated with this PW. There is an overpayment of \$19,900.98 for this project
1791	Galveston	City's Fire Marshall's contents	E	7253	(\$605.53)	Post-closeout, FEMA re-opened this project to revise the insurance reductions from \$4,727.19 to \$5,400.00 as a result of a first appeal dated 12/20/19. As a result, there is an overpayment of \$605.53.
1791	Galveston	Ghost Crab Lane	C	7596	(\$55,328.40)	FEMA's closeout review resulted in their disallowance of all costs associated with this PW. There is an overpayment of \$55,328.40 for this project
1791	Galveston	Bermuda Beach Subdivision, Water Distribution	F	13691	(\$339,100.03)	Actual costs for this project at closeout were less than the FEMA estimated amount and the advanced federal share. In addition, FEMA disallowed \$2,608.00 in ineligible costs that were substantiated in the state's FCR. After offsets, there is an overpayment of \$339,100.03 for this project.
1791	Galveston	Traffic Shop Building	E	14060	(\$7,688.15)	Actual costs for this project at closeout were less than the FEMA estimated amount and the advanced federal share. In addition, FEMA disallowed \$5,898.25 in ineligible costs that were substantiated in the state's FCR. There is an overpayment of \$7,688.15 for this project.
1791	Galveston	Galveston City Hall - Ductwork and Insulation	E	14374	(\$2,700.00)	Post-closeout, FEMA re-opened this project to revise the insurance reductions from \$93,891.97 to \$96,891.97. As a result, there is an overpayment of \$2,700.00.
1791	Galveston	Terramar Beach WWTP	F	14915	(\$9,298.11)	Actual costs for this project at closeout were less than the FEMA estimated amount and the advanced federal share. There is an overpayment of \$9,298.11 for this project.
	Galveston	Recycling Yard - Inventory	E	7211	(\$6,745.79)	Actual costs for this project at closeout were less than the FEMA estimated amount and the advanced federal share. After offsets, there is an overpayment of \$6,745.79 for this project.
1791	Galveston	Lift Station LS-1 (L, Cat F)	F	14705	(\$42,622.74)	FEMA's closeout review resulted in costs for this project at closeout were less than the FEMA estimated amount.