Emergency response and recovery costs incurred by drinking water and wastewater utilities may be eligible for reimbursement through local, state, or federal level mechanisms. While the rules for allowable activities vary between reimbursement mechanisms, lessons learned from past incidents reveal that reimbursement is commonly not maximized. This is often due to lack of knowledge of or failure to follow proper procedures and processes specific to a particular mechanism. This document presents tips drinking water and wastewater utilities can use to maximize their ability to receive reimbursement.

**REIMBURSEMENT TIPS**

for Water Sector Emergency Response and Recovery

---

**Reimbursement Tips before an Incident**

**Consider joining a mutual aid and assistance program.** Mutual aid and assistance programs can include local agreements, state programs, or Water/Wastewater Agency Response Networks (WARNs). Although these programs are not reimbursement mechanisms, they often outline procedures for tracking information for reimbursement.

**Review the actual coverage and limits of your insurance policy(s).** Insurance is often the first source of payment. When reviewing your insurance policy, keep the following in mind:
- Coverage for all buildings, facilities, and capital equipment.
- Accuracy of capital/fixed assets lists.

**Review codes, construction standards, and engineering design for all systems (current and future projects).** The Federal Emergency Management Agency (FEMA) Public Assistance Program (PA Program) pays to restore damaged items to their previous condition. Incorporating up-to-date codes, standards, and engineering design can help present a strong case to officials to fund the replacement of older systems according to “new” standards.

**Review the eligibility of likely activities and resource needs following an incident.** While eligible costs vary by reimbursement mechanism, there are several types of costs typically covered:
- Pre-disaster emergency work, compensatory time, and mutual aid and assistance
- Emergency work (personnel time, equipment usage, and emergency supplies)
- Temporary re-location and permanent work (facility contents and facility restoration to pre-disaster design and function)

Review after action and auditor reports from past incidents to incorporate lessons learned from other jurisdictions.

**Develop accounting, documentation, and emergency procurement procedures and personnel policies you will use during a disaster.** After an incident, pre-disaster procedures and personnel policies must be followed to be eligible for reimbursement.
- Establish disaster-related accounting codes to capture, track, and report all disaster-related costs.
- Incorporate photos, videos, and Geographic Information Systems (GIS) into your procedures for documenting regular maintenance, facility contents, and damages.
- Describe compensation in your personnel policy, including overtime during disasters to help retain personnel and ensure timely recovery.

**Maintain thorough pre-disaster maintenance records for permanent facilities.** Officials need to verify that maintenance is occurring and was documented before the incident. Records help avoid questions of improper maintenance or deferred maintenance following a disaster.

**Maintain an inventory of facility contents and emergency supplies.** Officials may need to verify damaged contents following the incident. An accurate inventory may help avoid conflicts over reimbursement following a disaster.
Be aware of and prepare to leverage hazard mitigation programs to aid in the rebuilding process. Every permanent work project has the potential for hazard mitigation (measures taken in advance of a disaster aimed at decreasing or eliminating its impact on society and the environment). Hazard mitigation funding from mechanisms such as the Stafford Act may be available. To be eligible for funding, an entity must have an approved hazard mitigation plan in place.

Other items to consider.
• Identify personnel, procedures, and an organizational structure to maximize full reimbursement.
• Train personnel on procedures and data required for documentation.
• Back up critical information for reimbursement off-site in a secure location.

Reimbursement Tips after an Incident

Coordinate efforts with emergency management agencies at the local, state, and federal level. Local officials may have information specific to the incident you are dealing with. They can also help connect you to state officials coordinating directly with FEMA. In coordination with the state, identify and report to FEMA all potential incident-related projects and retain a copy of the list. Be aware of time limitations with the FEMA PA Program and request extensions from officials if needed.

Be aware of and plan for the regular rotation schedule of state and federal officials. Officials could rotate out on a regular basis. Officials rotating in may have no direct experience with the damage systems have sustained. Plan to train and/or brief new officials quickly to bring them up to speed.

Document emergency work before a federal declaration of disaster. Changing circumstances as an incident unfolds may dictate that FEMA decides to issue a declaration of disaster. If this happens, emergency work completed before the declaration of disaster may become eligible for reimbursement.

Document labor costs. Maintain detailed timesheets of labor costs that distinguish emergency from permanent work and regular time from overtime.
• Work/costs to install temporary infrastructure, repair damage, and complete targeted damage and safety assessments may be eligible for reimbursement.
• Provide detail on tasks performed, hours for each task, and the location of the task.
• Include hours of labor per person per day.
• Develop a summary sheet to support claims for reimbursement.
• Complete paperwork as you go rather than waiting until the end of the incident response.

Document equipment usage time. Reimbursement is based on application of equipment rates to each hour of eligible use. Maintain detailed logs that separate emergency from permanent work. Provide detail on date, location, task, and operator(s). Remember to account for equipment damage/extraordinary use and small fixed asset machines (e.g., compressors or welders) as these have reimbursement costs also.

Document material purchases. Maintain accurate and detailed records of material purchases that separate emergency work from permanent work. Track what in-stock supplies are used, as well as the cost to replace them.

Cross check, validate, and store all records. This includes records covering labor, materials, equipment, and purchase orders/invoices. The federal Office of Management and Budget requires that an entity granted federal aid under the FEMA PA Program maintain financial and program records for three years following final payment. To ensure compliance with established policies of the federal government, the U.S. Department of Homeland Security (DHS) Office of Inspector General can review and audit records at any time during a disaster or the three year period following final payment. Entities may also be subject to additional audits by state auditors.

For More Information: A variety of mechanisms are available to provide cost reimbursement. One of the main federal sources of reimbursement funding for the water sector is the FEMA PA Program: www.fema.gov/government/grant/pa/reference.shtm