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Jeb Spaulding, Secretary

MEMORANDUM

TO: Emergency Board Members

FROM: Jeb Spaulding, Secretary of Administration

DATE: September 12, 2011

SUBJECT: Emergency Board Meeting September 13, 2011 –
Emergency Flood Assistance Loan Program

The Emergency Board will meet on Tuesday, September 13, 2011, at 1:00 p.m. in the Governor's Conference Room, 5th Floor, Pavilion Office Building, 109 State Street, Montpelier. The subject of the meeting is authorization to use the Emergency Relief and Assistance Fund (ERAF) for an emergency flood assistance loan program, administered by the Vermont Economic Development Authority (VEDA) and available to commercial businesses and farms that sustained flood-related damage due to Tropical Storm Irene; and to transfer funds to provide for initial matching needs for FEMA assistance.

VEDA

The Emergency Board is authorized to make expenditures necessitated by unforeseen emergencies (32 V.S.A. Sec. 133(a)). Statute further authorizes the Emergency Board "to expend from the emergency relief and assistance fund to award low interest loans and grants to ... persons whose ... farms, or businesses are damaged by a natural disaster" (20 V.S.A. Sec. 45(b)).

The emergency flood assistance loan program is described on the attached summary.

You will recall that at its June 14, 2011 meeting the Emergency Board authorized VEDA to administer a flood assistance loan program for floods in the Spring of 2011, with expenditures from the ERAF not to exceed \$1 Million. Of that amount, \$600,000 was not used for that event. We are requesting the Emergency Board to authorize VEDA to utilize this \$600,000 and an additional \$800,000 from the ERAF to administer the Hurricane Irene Assistance Loan Program.

FEMA MATCH

Additional funding from the ERAF will be needed to support the State's matching requirement for FEMA funds for Public Assistance municipal disaster aid, generally at 12.5% of the total disaster relief (that is, for 50% of the municipality's 25% share); and for the 25% matching requirement for Individual Assistance – non-housing. The Secretary of Administration is authorized to expend from the ERAF to meet these match requirements (20 V.S.A. Sec. 45(a)); however, the ERAF will require an infusion of General Funds to support these expenditures. Therefore, we are requesting the Emergency Board to transfer to the ERAF \$5.8 Million (of which \$5 Million is for FEMA match, and \$800,000 is for the VEDA loan program) from the General Fund appropriation to Corrections – Correctional Services in 2011 Act 63 Sec. B.338. Corrections can be “made whole” in the FY 2012 Budget Adjustment.

Of course, the exact amounts that will be needed to meet the State's commitments for FEMA match and other flood-related needs will not be determined for some time. The actions requested of the Emergency Board on September 13 are a start towards meeting these obligations and re-building Vermont.

The proposed motions are attached.

Thank you for your consideration.