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November 30, 2012

The Honorable Craig Fugate
Administrator
Federal Emergency Management Agency
U.S. Department of Homeland Security
500 C Street, NW
Washington, DC 20005

Subject: Request for 100% Federal Cost-Share for Categories A & B Assistance for Super Storm Sandy

Dear Administrator Fugate:

As you are aware, much of the State of New Jersey and particularly the Jersey Shore has been truly devastated by Super Storm Sandy. The consequences of this event on our state and well over one hundred fifty (150) coastal and inland townships, boroughs, and cities has been without match in modern history.

I have been highly supportive of the federal government's immediate efforts in response to this disaster, but it has become clear that the financial burdens being placed on the state and our communities are causing severe economic hardship. New Jersey's communities were so devastated by this event that there are now very real concerns about the ability to afford even the cost-share associated with emergency protective measures and debris removal efforts, thereby threatening our ability to continue these activities at the pace necessary to restore the Jersey Shore, alleviate economic distress, and address public health and safety concerns. For these reasons, I am hereby requesting that you use your discretion under Sections 403 (U.S.C. 5170b) and 407 (42 U.S.C. 5173) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, to increase the federal cost-share for Public Assistance Categories A & B assistance necessitated by Super Storm Sandy to 100% federal reimbursement, for a period of at least ninety (90) days.

Super Storm Sandy has had a significant and unprecedented impact on the State of New Jersey, creating challenges the like of which we have never seen before. Thirty nine residents lost their life as a result of the storm. In addition to this loss of life, the fiscal costs of the storm are staggering. It is estimated that the New Jersey portion of the storm's financial impact will approach nearly \$40 billion

dollars. The most severely affected regions of the state include the Jersey Shore from Cape May to the Raritan Bay and the Barrier Islands, as well as areas along the Hudson River. However, each of New Jersey's 21 counties was affected by the storm's unprecedented tidal surge flooding and wind damage. Extrapolation of initial insurance claim data indicates that over 22,000 homes were rendered uninhabitable by storm damage and another 325,000 homes sustained a significant level of damage. The resulting amount of debris that must be removed from municipalities is overwhelming. These impacts have created a situation where even the most conservative at the federal, state, and local levels now believe that the impact of Super Storm Sandy could exceed \$160 per capita for debris removal and emergency protective measures alone; this amount does not address costs for permanent repairs of roads, bridges, public buildings, parks, utilities, and other FEMA-eligible facilities; nor does it include the cost of addressing individual assistance costs, hazard mitigation, or the extraordinary devastation to our flood-ravaged housing stock. For most communities along the New Jersey shore, even the cost-share associated with these impacts will be untenable. In fact, we are already receiving word from many of our communities that their budgets are breaking under the burden of the costs that have already been incurred, resulting in them delaying or forgoing some necessary recovery efforts for fear of their ability to pay. This situation, if left unattended, could significantly and negatively impact the pace of our recovery efforts, and could increase threats to public health and safety during the recovery period.

In addition, the economy in the State of New Jersey – and particularly along the Jersey Shore region that was most severely impacted by Super Storm Sandy – is heavily dependent on tourism during the summer. The impacts of Super Storm Sandy put much of that at risk, both due to the physical damages and the challenges that our communities are facing just to come up with the cost-share related to debris removal and necessary emergency protective measures associated with the storm and its aftermath. The ability of the New Jersey shore communities to move quickly on their recovery efforts is directly tied to their ability to afford the costs of reconstruction. A waiver of the non-federal cost-share for Category A & B assistance – which accounts for the bulk of their accrued financial commitments related to this disaster – will be critical to reopening the Jersey Shore in time for next Memorial Day in 2013.

For these reasons, it is now critical that you take action on my request to increase the federal cost-share for Categories A & B assistance to 100% for a minimum of ninety days, as is in your discretion to approve. FEMA's regulations, found in 44 CFR 206.47, speak specifically to the flexibility that the FEMA Administrator has on these matters:

(d) If warranted by the needs of the disaster, we recommend up to one hundred percent (100%) Federal funding for emergency work under Section 403 and 407, including direct Federal assistance, for a limited period in the initial days of the disaster irrespective of the per capita impact.

According to the Congressional Research Service (CRS), the language of the regulation with phrases such as "if warranted" and "a limited period" provide a significant amount of discretion to FEMA and the actions resulting from this regulation rest on FEMA's judgment of a disaster situation.

In addition, there is ample precedent where FEMA has approved similar increases to the federal cost-share for Category A & B assistance, often in disasters that were far smaller and less impactful than

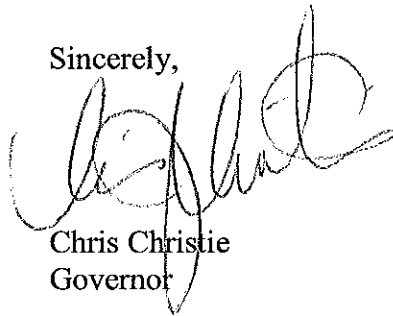
Super Storm Sandy. In fact, the CRS indicated that there were ninety instances between 1985 and 2009 where FEMA approved “limited time” cost share adjustments for debris removal (Category A) and emergency protective measures (Category B) in the “limited time” category, ranging in duration for as long as 319 days.¹ For example:

- The State of Texas received 100% federal cost-share for debris removal for six months after Hurricane Ike in 2008, and 100% federal cost-share for emergency protective measures for thirty (30) days;
- In the wake of Hurricane Rita, Texas received Category A & B assistance at 100% federal reimbursement for 244 days; and
- Louisiana received Category A & B at 100% federal cost-share after Hurricane Ike for 44 days.
- For the states impacted by Hurricane Katrina – the most comparable disaster to that which occurred in New Jersey when Super Storm Sandy impacted our state – 100% Federal funding was approved for Louisiana, Mississippi, and Alabama for as long as 319 days, far longer than that being requested by the State of New Jersey in this letter.

As you can see, Super Storm Sandy is placing an impossible burden on our State, local governments, and citizens, but you have the ability to help us by using your discretion to approve a waiver of the non-federal cost-share for debris removal and emergency protective measures for at least the first ninety (90) days of this disaster recovery effort. Your help is desperately needed, and I am confident that after considering this letter, you will do what is right and what is needed by approving my request.

Thank you in advance for reconsidering my request on this important issue. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Christie". The signature is stylized and cursive, written over the printed name and title.

Chris Christie
Governor

c: M. Hall, Federal Coordinating Officer (FCO)
M. Ferzan, Special Assistant to the Governor
New Jersey Congressional Delegation

¹ “FEMA Disaster Cost-Shares: Evolution and Analysis,” by Francis X. McCarthy. Congressional Research Service 7-5700, March 9, 2010.