



January 3, 2019

Hon. Greg Abbott  
Governor of Texas  
P.O. Box 12428  
Austin, Texas 78711-2428

Hon. Dan Patrick  
Lieutenant Governor of Texas  
P.O. Box 12068  
Austin, Texas 78711

Hon. Dennis Bonnen  
Speaker-designate of the Texas House of Representatives  
P.O. Box 2910  
Austin, Texas 78768

Dear Governor Abbott, Lt. Governor Patrick and Speaker-designate Bonnen:

The State of Texas has been a critical partner with the 55-county region affected counties to obtain our fair shares of federal dollars for Hurricane Harvey recovery, a collective effort for which we have been rewarded by Congress. However, many of the funds offered by the federal government require a match. Local governments have stretched their budgets to the limit in recovery, so we write today to ask the State to participate in these recovery and mitigation costs with a one-time allocation from the Economic Stabilization Fund for this match.

FEMA Public Assistance (PA) dollars provide for important protective measures in the immediate aftermath of a presidentially declared disaster and for permanent restoration of governmental facilities, to include cost-effective hazard mitigation efforts that may prevent future damage to this storm. Local government owned buildings, water/wastewater facilities, roads, bridges and public utilities suffered significant damage.

FEMA's Public Assistance program will cover up to 90 percent of the cost of these repairs, but it does require a 10 percent match from the local jurisdiction. Local governments have been participating in the detailed process of assessing damage, scoping repairs, and negotiating with FEMA on the cost of each project – including, importantly, the potential for upgrading the design of certain assets to help prevent similar damage from future storms.

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If our efforts for recovery do not include disaster mitigation, then the money we have spent is just funding for future failure. The FEMA 404 Hazard Mitigation Grant Program is a federal program that provides dollars for projects to prevent and reduce damage for future disasters. However, the program requires the applying jurisdictions to provide a match. For this particular appropriation, FEMA will fund up to 75 percent of the cost of eligible mitigation measures taken by local governments. The local governments must find a way to provide the remaining cost to receive the funds.

The states of Florida, North Carolina, South Carolina, Oklahoma, Virginia, Georgia and Colorado have provided all or a portion of the match for HGMP for local governments in their states.

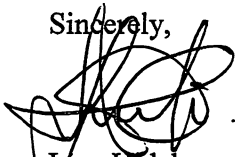
It has been suggested that local governments in Texas utilize federal Community Development Block Grant dollars appropriated to for disaster recovery to cover the HMGP match. Given the Low and Middle Income (LMI) restrictions that come with CDBG funds, it should be noted that every dollar that is put into HMGP is a dollar that cannot be used for a local action plan on unmet housing needs, such as home repair reimbursement. For middle class neighborhoods, this would eliminate the very limited funds available.

Additionally, while the Notice of Funding Availability on those funds makes mention that CDBG-DR dollars may be used toward local contribution for federal programs, it states immediately after that "HUD expects grantees to financially contribute to their recovery through the use of reserve or 'rainy day' funds."

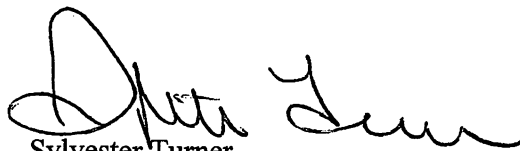
The State has a multi-billion dollar Economic Stabilization Fund, which has been referred to as the "Rainy Day Fund" in legislative analyses and in communications to the public since it was introduced in the 70<sup>th</sup> Legislature in 1987. The State has sufficient capacity in the ESF to fund the full expected \$1.3 billion in local matches for jurisdictions across Texas and not see a resulting negative impact on its credit ratings.

As the 86<sup>th</sup> Legislature convenes, we ask our state leaders to consider taking this opportunity to utilize these public dollars for the local match. Doing so will both assist the residents of the State in recovering from these extraordinary circumstances and protect them from future disasters.

Sincerely,



Lina Hidalgo  
County Judge



Sylvester Turner  
Mayor