

**MEMORANDUM OF AGREEMENT
BETWEEN
THE FEDERAL EMERGENCY MANAGEMENT AGENCY
AND
THE LOUISIANA STATE HISTORIC PRESERVATION OFFICER
REGARDING THE DEMOLITION OF
THE ANTHROPOLOGY BUILDING (U064), 1201 AUDUBON STREET
NEW ORLEANS, LA**

WHEREAS, the Federal Emergency Management Agency (FEMA) of the Department of Homeland Security, pursuant to Section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. §§5121-5206) and implementing regulations in Title 44 of the Code of Federal Regulations (44 CFR) Part 206, proposes to provide Public Assistance to The Administrators of Tulane Educational Fund (Tulane) through the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) in response to damages caused by Hurricane Katrina (DR-1603-LA) to demolish the Anthropology Building (U064), 1021 Audubon Street, New Orleans, LA (Undertaking); and

WHEREAS, FEMA consulted with the Louisiana State Historic Preservation Officer (SHPO) in accordance with Section 106 of the National Historic Preservation Act (16 U.S.C. §470f) (NHPA), its implementing regulations (36 CFR Part 800), and the "*Programmatic Agreement among FEMA, the Louisiana State Historic Preservation Officer (SHPO), the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), the Alabama-Coushatta Tribe of Texas, the Caddo Nation, the Chitimacha Tribe of Louisiana, the Choctaw Nation of Oklahoma, the Coushatta Tribe of Louisiana, the Jena Band of Choctaw Indians, the Mississippi Band of Choctaw Indians, the Quapaw Tribe of Oklahoma, the Seminole Nation of Oklahoma, the Seminole Tribe of Florida, the Tunica-Biloxi Tribe of Louisiana, and the Advisory Council on Historic Preservation*" was executed August 17, 2009 (2009 Statewide PA), and

WHEREAS, FEMA, in consultation with SHPO, has determined that the Area of Potential Effect (APE) for the Undertaking shown in Attachments 1 and 2, and in consultation with SHPO, has determined that the Anthropology Building is a contributing property to the Uptown New Orleans National Register Historic District (Uptown NRHD) shown in Attachment 3; and

WHEREAS, FEMA consulted data provided by the Louisiana Department of Culture, Recreation, and Tourism, Office of Cultural Development, Louisiana Division of Archaeology (Louisiana Division of Archaeology) and determined that no known archaeological sites are located within 0.5 miles of the APE. The historic maps indicate that the APE is located in a reclaimed marsh. Urban development in this vicinity dates after the 1920s and is in the Orleans Parish Moderate Probability Zone. The soils consist of Schriever Clay and organic and mineral deposits of Gulf Coast Deltaic Marsh. The Hardee's 1878 map, entitled New Orleans, shows much of this general area as undeveloped woods and marsh. The Mississippi River Commission Map of 1883 shows this area as a newly developing, sparsely populated area. The existing building is on the 1951 Sanborn Fire Insurance map. A pedestrian survey by FEMA in 2007 revealed no significant prehistoric or historic artifacts. Based on this information FEMA, in

consultation with SHPO, determined that there is little potential that the Undertaking may uncover archaeological properties that may be eligible for inclusion in the NRHP; and

WHEREAS, FEMA consulted with SHPO, in a letter dated September 8, 2009, that the demolition of the Anthropology Building will adversely affect historic properties and SHPO concurred with FEMA's determination in a letter dated September 14, 2009; and

WHEREAS, in accordance with Stipulation VIII.A of the *2009 Statewide PA* and 36 CFR §800.6(a)(1), FEMA notified the Advisory Council on Historic Preservation (ACHP) of its adverse effect determination in a letter dated September 8, 2009 and the ACHP determined in a letter to FEMA dated September 21, 2009, that it will not participate in the consultation to develop a Memorandum of Agreement (MOA) to avoid, minimize, and mitigate the adverse effects of this Undertaking; and

WHEREAS, FEMA consulted with Tulane, the Subgrantee, and in recognition that Tulane will assume responsibilities to perform various actions described by this MOA, FEMA has invited Tulane to participate in this consultation and execute this MOA as an Invited Signatory; and

WHEREAS, GOHSEP, the Grantee, was invited by FEMA to participate in this consultation and execute this MOA as a Concurring Party; and

WHEREAS, FEMA notified the Alabama Coushatta Tribe of Texas (ACTT), Chitimacha Tribe of Louisiana, Choctaw Nation of Oklahoma (CNO), Coushatta Tribe of Louisiana, Jena Band of Choctaw Indians, Mississippi Band of Choctaw Indians, Quapaw Tribe of Oklahoma, Seminole Nation of Oklahoma, Seminole Tribe of Florida, and Tunica Biloxi Tribe of Louisiana (collectively referenced as "Tribes") and provided information regarding identified historic properties in the APE, information regarding the history and topography of the APE, and afforded the Tribes an opportunity to participate in the consultation, and the ACTT determined in a letter dated September 18, 2009 that no known impacts to religious, cultural, or historical assets of ACTT are anticipated but requests that FEMA take steps to stop construction in the general area of the discovery and contact it immediately in the event of an inadvertent discovery of human remains and /or archaeological resources in the APE; and

WHEREAS, FEMA notified the City of New Orleans Historic District Landmarks Commission; the National Trust for Historic Preservation (NTHP); the Preservation Resource Center (PRC); the Louisiana Landmarks Society of the Undertaking and the opportunity to participate in this consultation; and

WHEREAS, FEMA provided information to the NTHP's, PRC's and the City of New Orleans' websites regarding the opportunity for the public to comment on the Department of Culture, Recreation, and Tourism website or mail comments to FEMA and FEMA has reviewed the comments supporting the preservation of 1021 Audubon Street and determined that it remains in the public interest to provide funds that will be used to demolish the building; and

WHEREAS, FEMA, SHPO, Tulane, and GOHSEP constitute the Consulting Parties referenced in this MOA; and

WHEREAS, all references to time periods in this MOA are in calendar days and notices and other written communications may be submitted by e-mail; and

NOW THEREFORE, FEMA, SHPO, and Tulane agree that the Undertaking will be implemented in accordance with the following Stipulations to take into account the effects of the Undertaking on historic properties and to satisfy FEMA's Section 106 responsibilities for the Undertaking.

STIPULATIONS

To the extent of its legal authority and in coordination with the SHPO, Tulane, and GOHSEP, FEMA will require that the following measures are implemented:

I. RECORDATION

- A. Within one month of the execution of this MOA, Tulane will work with FEMA and GOHSEP to develop the Alternate Project which will include the costs of hiring a contractor or contractors to complete all recordation required by this MOA.
- B. Tulane documented the Anthropology Building in 2007 as required by the Neighborhood Conservation District Committee (NCDC) to obtain a demolition permit from the City of New Orleans, Department of Safety and Permits. This NCDC Building Documentation included 27 digital photographs of the exterior and interior of the building.
- C. The digital photography required by this MOA must comply with the requirements in the Proposed Update Photographic Policy National Register of Historic Places (revised March 2008) including the National Archives and Records Administration's (NARA's) guidance to supplement requirements in 36 CFR §1228.270 for transferring permanent electronic records to NARA.
 1. Image files must be saved as JPEG files using high quality compression settings at a minimum. These files must be transferred as first generation JPEG files that have not been degraded in quality by multiple revisions and re-saving. The image files must be saved on archival quality CD-R media.
 2. Digital camera files must be captured as 6 megapixel files or greater with a minimum pixel array of 3,000 pixels by 2,000 pixels.
 3. Color images must be produced in RGB (Red Green Blue) color mode as 24-bit or 48-bit color files.
- D. Tulane will duplicate the 27 images contained in the NCDC Building Documentation as part of the documentation required by this MOA. Photographic prints of these 27 images must comply with the Proposed Update Photographic Policy National Register of Historic Places (revised March 2008) requirements: http://www.nps.gov/history/nr/publications/bulletins/photopolicy/photo_policy.htm

1. The photographs must meet the NPS Photo Expansion Policy 75-year permanence standard.
2. Paper prints must follow the "Acceptable Ink and Paper Combinations for Digital Images" guidelines in the Photo Expansion Policy and will be printed on 5" x 7" or larger paper.
3. Printed photographs must include:
 - a. The 27 different photographs included in the NCDC Building Documentation will be printed as 5" x 7" black-and-white archival photographs; and
 - b. The archival photographs will include labels that state the address, including the Parish and State where the building is located; date of photograph; description of view including compass direction of camera; and name of photographer. These labels may be printed on the front of the photographic image provided that the labels do not obscure any portion of the photographic image.
- E. Tulane will include archival copies of the 1965 Drawing Set (A1, A2, A3, A4, M1, M2, E1, and E2) with the red-line notes showing the discrepancies between the 1965 Drawing Set and the existing conditions included in the NCDC Building Documentation. These copies will follow the specifications outlined in Stipulation I.F above.
- F. Tulane will prepare a short narrative history of the Anthropology Building. This history may be based on the history included in Building Documentation developed for the Neighborhood Conservation District Committee and will include the types of information required in Historic American Building Survey (HABS) Historical Reports: Short form. The narrative history will be prepared by or under the direct supervision of an individual who meets the Secretary of the Interior's Professional Qualification Standards set out at 48 FR 44716, September 29, 1983, for History, Architectural History, or Historic Architecture.
- G. Tulane will forward a SOW for the narrative history to GOHSEP who will provide it to FEMA.
- H. FEMA will forward the submitted SOW for the narrative history to SHPO within 3-days following FEMA's receipt from GOHSEP for a 15-day review and comment period. The SOW for the narrative history will include the resumes of the individuals that will prepare or supervise the preparation of the narrative history. Tulane will revise the SOW in response to FEMA and SHPO's comments.
- I. FEMA will ensure that Tulane prepares three (3) archival copies of the recordation materials. Tulane shall forward three (3) copies to FEMA through GOHSEP. FEMA will review the materials to determine if they satisfy the SOW. FEMA will notify Tulane and GOHSEP in writing within 7-days if the recordation materials do not conform to the

SOW and will list the additional materials that must be submitted to conform to the SOW in this written notice. FEMA shall forward two (2) copies to SHPO, and SHPO will forward one (1) copy to the State Library and one (1) copy to the State Archives. FEMA shall submit one copy (1) to the University of New Orleans, Orleans Earl K. Long Library, Louisiana Special Collections in New Orleans, LA.

- J. All recordation materials required by this stipulation shall be completed; accepted by FEMA; and forwarded by FEMA to the listed archives prior to June 31, 2010, the expiration date for the MOA set out in Stipulation VIII., "Duration."

II. RECOUPMENT OF ARCHITECTURAL FEATURES

FEMA in consultation with SHPO has identified interior and exterior architectural elements at the Anthropology Building that may be suitable for recoupment, provided that the item is reasonably accessible, safe to retrieve, and reusable, as shown in Attachment 4:

- A. Tulane will amend the existing contract for the demolition of this property to comply with FEMA's Directorate Policy 9525.12 included as Attachment 5 and requires the demolition contractor to salvage or recoup, at a minimum, the identified architectural features for sale or reuse at its sole discretion.
- B. Tulane or its consultant will monitor the demolition contract to ensure that the architectural elements identified in Attachment 4 are salvaged or recouped as part of the process to demolish the Anthropology Building. In the event an item is determined by the demolition contractor to not be reasonably accessible, too unsafe to retrieve, not reusable, or unsalvageable, Tulane or its consultant, will document the item and the reason it was not recouped. Within 2 months following the demolition of the Anthropology Building, a copy of the recoupment document prepared by Tulane or its consultant will be submitted by Tulane to GOHSEP and FEMA.
- C. The parties to this MOA acknowledge that the demolition contractor will take possession of the architectural elements and the demolition contractor may sell or reuse the architectural elements at its sole discretion. Once the recouped architectural features are removed by the demolition contractor from Tulane's property, Tulane has no further obligations regarding these recouped features beyond maintaining the records described in Stipulation II.B above.

III. CHANGES TO SCOPE OF SECTION 106 UNDERTAKING

FEMA will notify SHPO, GOHSEP, and Tulane by e-mail and request a meeting in person or by telephone as soon as practicable if it determines that it will provide funds through the Public Assistance program to replace the building located at 1021 Audubon Street. The purpose of this meeting will be to determine the additional steps that will be required by Section 106 to review the effects of the construction of a new building on the Uptown National Register Historic District including the steps that will be required to amend this MOA.

IV. DISCOVERIES AND UNEXPECTED EFFECTS

- A. If, in the course of the Undertaking, archaeological deposits, as defined in 36 CFR §60.4(d), are uncovered or unforeseen effects that may cause an adverse effect to another historic property occur, Tulane shall ensure that its contractor immediately stops work in the general vicinity of the discovery or unforeseen effect and takes all reasonable measures to avoid or minimize harm to the finds and/or to avoid or minimize further unforeseen effects. Tulane shall ensure that the archaeological findings are secured and access to the area of the discovery is restricted.
- B. Tulane will notify FEMA and GOHSEP of discoveries or unforeseen effects as soon as practicable, but no later than 3 days following the discovery or unforeseen effect. FEMA will also notify the ACTT of any discoveries as requested in the ACTT's letter to FEMA dated September 18, 2009. FEMA will notify and consult with the SHPO and others, as appropriate, including Tribes, to determine if further steps to evaluate the National Register eligibility and treatment of the property are necessary. FEMA may, in consultation with the SHPO, assume that a newly discovered property is eligible for the National Register for purposes of this MOA. FEMA and the SHPO and others, as appropriate, will conclude this consultation if the discovery does not contain human remains and FEMA and the SHPO and others, as appropriate, determine that the discovery is not eligible for the National Register or FEMA and the SHPO and others, as appropriate, determine that the unforeseen effect will not adversely affect a historic property, and FEMA will notify Tulane that work may be resumed in the area of the discovery or unforeseen effect.
- C. If FEMA and the SHPO and others, as appropriate, determine that further steps are necessary to evaluate or treat the unforeseen effect of the newly discovered property and it does not contain human remains, FEMA shall work with SHPO, Tulane, GOHSEP, and others, as appropriate, to agree on timeframes and determine ways to avoid, minimize, or mitigate any adverse effects that may result from the discovery. Any party included in the discovery consultation may request an on-site meeting to review the situation. Archaeological discoveries are the property of the landowner, unless state laws provide otherwise, and FEMA, SHPO, GOHSEP, and others will provide the landowner with the opportunity to curate and interpret the archaeological discovery or to donate the archaeological discovery to an appropriate curation facility as part of the consultation to determine the appropriate treatment of the discovery. At the conclusion of this consultation, FEMA will provide all parties that participated in the discovery consultation with a written summary of the consultation and its resolution. This summary may be transmitted to the participants via e-mail.
- D. If human skeletal remains are uncovered during the Undertaking, Tulane shall immediately notify GOHSEP, FEMA, the New Orleans Police Department, and the Orleans Parish Coroner's Office. The local law enforcement officials shall assess the nature and age of the human skeletal remains. Tulane shall ensure that the notice of the discovery required by Louisiana Unmarked Human Burial Sites Preservation Act (R.S. 8:671 *et seq*) is given to the Secretary of the Department of Culture, Recreation and Tourism (CRT) or the Secretary's designee by contacting the Louisiana Division of Archeology at 225-342-8170 within seventy-two (72) hours of the discovery. If the

coroner determines that the human skeletal remains are older than 50 years of age, the Secretary, CRT has jurisdiction over the remains. FEMA shall work with the SHPO, Tribes, the Louisiana Division of Archaeology, Tulane, and GOHSEP to ensure compliance with this State law, other applicable laws, and this MOA. In addition, FEMA shall require that the guidelines contained in the ACHP's 2007 "Policy Statement Regarding Burial Sites, Human Remains, and Funerary Objects" or any subsequent Policy Statements that are issued after the execution of this MOA are followed.

V. ANTICIPATORY DEMOLITION

FEMA will not grant assistance to Tulane should it, with intent to avoid the requirements of this MOA or Section 106 of the NHPA, significantly adversely affect a historic property to which the assistance would relate, or having legal power to prevent it, allow such significant adverse effect to occur. After consultation with SHPO and ACHP, FEMA may determine that circumstances justify granting such assistance despite an adverse effect created or permitted by Tulane, and will complete consultation pursuant to 36 CFR §800.9(c).

VI. DISPUTE RESOLUTION

- A. Should SHPO, Tulane, or GOHSEP object to FEMA within the timeframes provided by this MOA to any plans, specifications, or actions provided for review, FEMA shall notify Tulane and GOHSEP and consult further with the objecting party, Tulane, and GOHSEP to seek resolution.
- B. If FEMA determines that the dispute cannot be resolved, FEMA shall forward FEMA's proposed resolution of the dispute and all relevant documentation to the ACHP. Within 7-days after receipt of the documentation, the ACHP will:
 1. Advise FEMA that it concurs with FEMA's resolution of the dispute; or
 2. Provide FEMA with recommendations, which FEMA shall take into account in reaching a final decision regarding the dispute; or
 3. Notify FEMA that it shall comment pursuant to 36 CFR §800.7(c), and proceed to comment. Any comment provided shall be taken into account by FEMA in accordance with 36 CFR §800.7(c)(4) with reference to the subject of the dispute.
- C. If the ACHP does not provide FEMA with comments or recommendations within 7-days, FEMA may assume that the ACHP does not object to its recommended approach and it shall proceed accordingly.
- D. Any recommendation or comment provided by ACHP shall be understood to pertain only to the subject of the dispute, and FEMA's responsibilities to fulfill all actions that are not subject of the dispute shall remain unchanged.
- E. Any dispute regarding National Register eligibility that is not resolved pursuant to this Stipulation will be resolved in accordance with 36 CFR §800.4(c)(2).

VII. AMENDMENTS, TERMINATION, AND NONCOMPLIANCE

- A. If Tulane determines that it is not feasible to complete the Undertaking or fulfill the requirements of this MOA, Tulane will immediately notify FEMA and GOHSEP in writing, to include e-mail, of this determination. Within 21-days of receiving this notice, FEMA will meet with SHPO, Tulane, and GOHSEP, in person or by telephone, to determine if the MOA must be amended or terminated, and proceed accordingly.
- B. FEMA, SHPO, and/or Tulane may request in writing that the MOA be amended or terminated. Within 21-days of such a request, FEMA will convene a meeting of SHPO, Tulane, and GOHSEP to consider this request. The Parties will make a good faith effort to amend the MOA prior to any Party taking steps to terminate it. The MOA may be amended upon the written agreement of FEMA, SHPO, and Tulane, and the process will comply with 36 CFR §800.6(c)(7).
- C. If the MOA is not amended, FEMA, SHPO, and/or Tulane may terminate the MOA by providing a 30-day written notice to the other Signatories, Invited Signatory, and Concurring Party. FEMA, SHPO, Tulane, and GOHSEP will cooperate in good faith to seek amendments or other actions that would prevent termination during this 30-day time frame. Should consultation fail, FEMA will promptly notify SHPO, Tulane, and GOHSEP in writing of termination. Termination of the MOA will require FEMA to comply with the *2009 Statewide Programmatic Agreement*. This MOA may be terminated without further consultation by execution of a subsequent agreement that explicitly terminates or supersedes this MOA.

VIII. DURATION

Unless amended or terminated in accordance with Stipulation VIII., this MOA will remain in effect through June 31, 2010, or until FEMA determines that it has been satisfactorily fulfilled. All mitigation required by this MOA must be completed by Tulane and accepted by FEMA before June 31, 2010. Tulane will notify GOHSEP and FEMA when the Undertaking is completed, and FEMA will notify GOHSEP, SHPO, and Tulane by e-mail when it determines that the terms of this MOA have been fulfilled.

IX. EFFECTIVE DATE AND IMPLEMENTATION OF MOA

This MOA shall become effective immediately upon FEMA's filing an original copy signed by SHPO and Tulane with the ACHP. FEMA shall provide SHPO, Tulane, and GOHSEP with a complete copy of the MOA including all executed signature pages.

EXECUTION AND IMPLEMENTATION of this Memorandum of Agreement evidences that FEMA has afforded ACHP a reasonable opportunity to comment on the undertaking to demolish

Anthropology Building at 1201 Audubon Street, New Orleans, LA and its effects on historic properties, that FEMA has taken into account the effects of the undertaking on historic properties, and that FEMA has satisfied its responsibilities under Section 106 of the National Historic Preservation Act and its implementing regulations.

SIGNATORY PARTIES:

FEDERAL EMERGENCY MANAGEMENT AGENCY



Marc Roy
Environmental Liaison Officer
Louisiana Transitional Recovery Office

Date: 10-15-09

LOUISIANA STATE HISTORIC PRESERVATION OFFICER



Scott Hutcheson
State Historic Preservation Officer

Date: 10-12-09

INVITED SIGNATORY:

THE ADMINISTRATORS OF TULANE EDUCATIONAL FUND

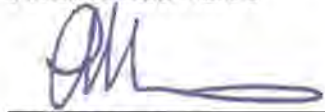


Rick Jones
Senior Associate Vice President

Date: 10-14-09

CONCURRING PARTY:

**GOVERNOR'S OFFICE OF HOMELAND SECURITY AND EMERGENCY
PREPAREDNESS**



Mark J. DeBoiser
Deputy Director, Disaster Recovery

Date: 10-9-09

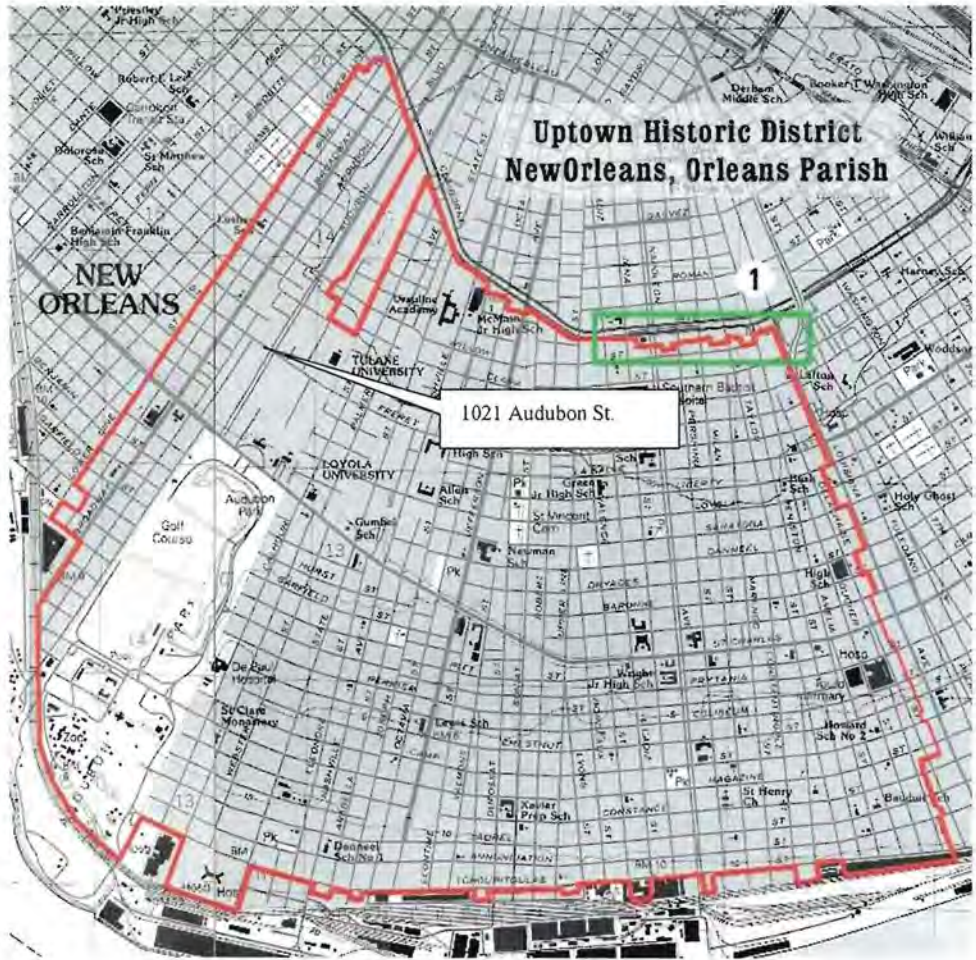
Attachment 1. Aerial View of Study with APE for Standing Structures, Outlined in Red (Google Earth 2009).



Attachment 2. Aerial View of Study with APE for Archaeology for Standing Structures, Outlined in Red (Google Earth 2009).



Attachment 3. Uptown New Orleans Historic District.



**1. Boundary not precise in this area.
Confirm property status with Tax Act Staff.**

Attachment 4. Selective Recoupment List

Recoupment of the architectural elements of the Anthropology Building located at 1019/1021 Audubon Street includes the following items, provided that the item is **reasonably accessible, SAFE to retrieve, and reusable**:

Interior:

Front entry staircase

- balustrade and associated decorative elements
- handrails
- newel caps, drops, and posts

All Windows

- window frames
- window trim
- aprons and sills
- transoms

All Decorative door frames

All Structural elements

- floor joists
- rafters

Attachment 5. FEMA's Directorate Policy 9525.12



Federal Emergency Management Agency Washington, D.C. 20472

1. **Date Published:** August 29, 2000
2. **Response and Recovery Directorate Policy Number:** 9525.12
3. **Title:** Disposition of Equipment, Supplies and Salvaged Materials
4. **Purpose:** This policy provides guidance on recouping current fair market value of equipment and supplies purchased by Grantees and subgrantees and salvaged materials.
5. **Scope and Audience:** This policy is applicable to all major disasters and emergencies declared on or after the publication date of this policy. This policy is intended for personnel involved in the administration of the Public Assistance (PA) Program.
6. **Background:**
 - A. There are many instances after a disaster where a Grantee or subgrantee will not have sufficient equipment and supplies to respond to a Presidentially declared disaster in an effective manner. While FEMA may assist in purchasing the needed equipment and supplies, the Grantee or subgrantee may be required to compensate FEMA for the fair market value of the cost of the equipment and supplies when the items are no longer needed for a disaster.
 - B. For the purpose of this policy, the current fair market value is the value of equipment and supplies determined by selling them in a competitive market or researching advertised prices for similar items on the used market. The current fair market value should be determined at the time the equipment and supplies are no longer needed for disaster operations by the Grantee or subgrantee regardless of when actual disposition takes place.
 - C. Equipment already owned by Grantees and subgrantees or purchased without Federal funds is reimbursed at FEMA equipment rates when used for eligible purposes.
 - D. Disasters often result in large amounts of debris that may have a market value. With the exception noted in Paragraph 7.B., revenue from debris must be used to reduce the project cost.
 - E. The Federal share in disposition and salvage revenue is the same as its participation in the original cost.

7. Policy:

- A. Grantees and subgrantees may be eligible to purchase supplies and equipment that are necessary to respond to the effects of a disaster and to be reimbursed through a *Project Worksheet (PW)*. The items must be needed for, and used directly on, the disaster from which funding was provided.
- 1) The term "supplies" means all tangible personal property other than equipment, as defined in 7.A.2. Disposition of residual supplies purchased by a Grantee or subgrantee with an aggregate current fair market value exceeding \$5,000 requires compensation to FEMA as described in 44 CFR 13.32(b) when the supplies are no longer needed for the current operation of the PA Program. Aggregate value is calculated per Grantee's subgrantee.
 - 2) The word "equipment" means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.
 - a) Disposition by a State Grantee. States will dispose of equipment purchased for managing the PA Program in accordance with State laws and procedures as described in 44 CFR 13.32(b). The State is not required to compensate FEMA for FEMA's share of the current fair market value.
 - b) Disposition by a Non-State Grantee.
 - i) A non-State Grantee disposing of equipment purchased for managing the PA Program with a current fair market value in excess of \$5,000 per unit as described in 44 CFR 13.32(e)(2) is required to compensate FEMA its share of the current fair market value.
 - ii) A non-State Grantee disposing of equipment purchased for managing the PA Program with a current fair market value less than \$5,000 per unit as described in 44 CFR 13.32(e)(1) may retain, sell or otherwise dispose of it with no further obligation to FEMA.
 - c) Disposition by a Subgrantee.
 - i) A subgrantee disposing of equipment purchased for disaster operations under the PA Program with a current fair market value exceeding \$5,000 per unit as described in 44 CFR 13.32(e)(2) is required to compensate FEMA its share.
 - ii) A subgrantee disposing of equipment purchased for disaster operations under the PA Program with a current fair market value less than \$5,000 per unit as described in 44 CFR 13.32(e)(1) may be retained, sold or otherwise disposed of with no further obligation to FEMA.

- d) Fair Market Value. Fair market value will be determined by FEMA and may be based on Grantee or subgrantee research and recommendation.
- 3) Reimbursement and Compensation.
- a) Grantees will receive reimbursement for eligible equipment and supplies through the *PW* for management costs as allowed by 44 CFR 206.228(a)(3). Non-State Grantees must compensate FEMA for FEMA's share of the fair market value no later than financial closure of the disaster. If State laws and procedures provide for compensation to the entity providing the funds, State Grantees must compensate FEMA for FEMA's share of the fair market value no later than financial closure of the disaster.
 - b) Subgrantees will receive reimbursement for the acquisition of eligible equipment and supplies through the *PW* process by project. Generally, reimbursement will be made without an estimated salvage value deducted on the *PW*. In accordance with 44 C-FR 13.32 and 13.33 and the following guidelines, compensation to FEMA will be made, if required, when the items are no longer needed for disaster operations. (Exception: If the subgrantee concurs, the salvage value can be estimated and deducted on the original *PW* in order to reduce tracking records and additional administrative work.) Any compensation for fair market value to FEMA must be no later than financial closeout of the subgrantee.
- 4) Equipment Leasing.
- a) Leasing equipment is an eligible method of obtaining use of equipment to perform eligible work without the administrative burden of disposition requirements.
 - b) Leasing costs must be reasonable and total leasing costs cannot exceed the purchase price.
 - c) For equipment leased through the PA grant process: Even though a long-term lease may cost as much as purchasing the same equipment, the subgrantee still would be required to compensate FEMA for its share of the fair market value of the purchased item if the subgrantee opts to purchase instead of lease.
 - d) If the subgrantee purchases equipment outside the PA grant process, the subgrantee may be reimbursed for the eligible use of the equipment using FEMA equipment rates. If the subgrantee holds a lease-purchase agreement, the following applies:

