ROI for Joining CRS

Floodplain Management Association Conference

Sacramento, CA

September 2016
Agenda

• Joining CRS
• Challenges
• ROI Tips
• Wrap Up
What is CRS?

- Community Rating System
- Voluntary incentive program for Cities and Counties
- Administered by FEMA

**Goals:**
- Reduce flood damage
- Strengthen insurance aspects of the NFIP
- Encourage comprehensive floodplain management approach
How are CRS Communities Ranked?

- CRS Communities earn credit points that determine classifications - 5% - 45% Reduction

<table>
<thead>
<tr>
<th>Credit Points</th>
<th>CRS Class</th>
<th>Premium Reduction for Properties Located in the Special Flood Hazard Area (SFHA) shown on the Community Flood Insurance Rate Map (FIRM)</th>
<th>Premium Reduction for Properties Outside of the SFHA shown on the Community FIRM (Does not apply for Preferred Risk Policies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,500+</td>
<td>1</td>
<td>45%</td>
<td>10%</td>
</tr>
<tr>
<td>4,000 - 4,499</td>
<td>2</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>3,500 - 3,999</td>
<td>3</td>
<td>35%</td>
<td>10%</td>
</tr>
<tr>
<td>3,000 - 3,499</td>
<td>4</td>
<td>30%</td>
<td>10%</td>
</tr>
<tr>
<td>2,500 - 2,999</td>
<td>5</td>
<td>25%</td>
<td>10%</td>
</tr>
<tr>
<td>2,000 - 2,499</td>
<td>6</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>1,500 - 1,999</td>
<td>7</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>1,000 – 1,499</td>
<td>8</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>500 – 999</td>
<td>9</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>0 – 499</td>
<td>10</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 1: CRS Credit Points and Associated Flood Insurance Premium Reductions

community is ranked in 1 of 10 CRS classes (1 is the best rating)
CRS Activities and Credit Points

- The CRS Classes are based on 4 Series categories:
  - Public Information: 300 Series
  - Mapping & Regulations: 400 Series
  - Flood Damage Reduction: 500 Series
  - Warning & Response: 600 Series

- 19 Activities for credit within these 4 topic areas
- 94 elements that make up credit points
Activity Series 300: Public Information

- 310: Maintain Elevation Certificates
- 320: Map Information
- 330: Outreach Programs
- 340: Hazard Disclosure
- 350: Flood Protection Information
- 360: Flood Protection Assistance
- 370: Flood Insurance Promotion
Activity Series 400: Mapping and Regulations

- 410: Floodplain Mapping
- 420: Open Space Preservation
- 430: Higher Regulatory Standards
- 440: Flood Data Maintenance
- 450: Stormwater Management
Activity Series 500: Flood Damage Reduction

- 501: Repetitive Loss List
- 510: Floodplain Management Plan
- 520: Acquisition and Relocation
- 530: Flood Protection
- 540: Drainage System Maintenance
Activity Series 600: Warning & Response

• 610: Flood Warning and Response
• 620: Levees
• 630: Dams
Who Participates in CRS?

• 6% of all NFIP communities participate in CRS, nationwide; but this represents 66% of all insurance policies!

• Incorporated communities are the majority

• More challenging for unincorporated areas

• Tribal Nations are eligible

• Must be a community with floodplain management authority – so not a University or non-profit corporation
CRS Communities Rating
Distribution and Improve Over Time

1,273 communities
As of October 1, 2013

http://crsresources.org
Example Dollars

- Insurance savings
- More money staying in the community

<table>
<thead>
<tr>
<th>Community</th>
<th>Class/Discount</th>
<th>Total Policies</th>
<th>Per Policy Annual Savings</th>
<th>Community Annual Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Tampa, FL</td>
<td>6/20%</td>
<td>27,022</td>
<td>$173</td>
<td>$4.68m</td>
</tr>
<tr>
<td>City of Homestead, FL</td>
<td>8/10%</td>
<td>5,164</td>
<td>$43</td>
<td>$224,620</td>
</tr>
<tr>
<td>City of Long Beach, CA</td>
<td>8/10%</td>
<td>4,881</td>
<td>$94</td>
<td>$459,606</td>
</tr>
<tr>
<td>Roseville, CA</td>
<td>1/45%</td>
<td>586</td>
<td>$177</td>
<td>$103,610</td>
</tr>
<tr>
<td>Colorado Springs, CO</td>
<td>6/20%</td>
<td>2,089</td>
<td>$102</td>
<td>$213,218</td>
</tr>
</tbody>
</table>
We’ve encountered many communities who can’t get beyond Step 1 because of they don’t have the experience/means to do an ROI!
## Evaluation Step 1 - SWOT

<table>
<thead>
<tr>
<th>Strength (internal)</th>
<th>Weakness (internal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Tasks you do every day count for CRS</td>
<td>• Requires political will</td>
</tr>
<tr>
<td>• Gets your documentation organized</td>
<td>• Must resolve deficiencies before joining CRS</td>
</tr>
<tr>
<td>• Nothing outside of your current technical reach (not new technology)</td>
<td>• Less “exceptions” are allowed for permitting – must remain in NFIP</td>
</tr>
<tr>
<td>• Good PR for $ back in people’s pockets</td>
<td>• Recertification each year</td>
</tr>
<tr>
<td>• Captures a track record of mitigation successes</td>
<td>• Designated CRS coordinator</td>
</tr>
<tr>
<td>• Appears more like a plan rather than response to disasters</td>
<td>• Must do CRS activities and document them</td>
</tr>
<tr>
<td>• Supports other programs like CIP, Stormwater fee offset, biological species/</td>
<td></td>
</tr>
<tr>
<td>environmental protection</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities (external)</th>
<th>Threats (external)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Land development and growth on up-swing</td>
<td>• Doesn’t always rain/flood (e.g. 11 years since Hurricane in FL, Western U.S.</td>
</tr>
<tr>
<td>• More properties in SFHA than policies in force</td>
<td>droughts)</td>
</tr>
<tr>
<td>• Increased external funding used to support CRS items (e.g. floodplain mgmt.</td>
<td>• CRS manual is 600 pages</td>
</tr>
<tr>
<td>plans)</td>
<td>• Other natural hazards more critical to your community than flood</td>
</tr>
<tr>
<td>• Just got new maps or there is a revision on the way</td>
<td>• HFIAA 2014 delayed immediate move to real risk rates</td>
</tr>
<tr>
<td>• Public hears about “resilience” and wants to know what you are doing along</td>
<td></td>
</tr>
<tr>
<td>those lines</td>
<td></td>
</tr>
</tbody>
</table>
## More properties in SFHA

<table>
<thead>
<tr>
<th>Community</th>
<th>Properties in SFHA</th>
<th>Policies</th>
<th>Insurance in Force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Isanti County</td>
<td>1,240</td>
<td>83</td>
<td>$17,219,500</td>
</tr>
<tr>
<td>Greenfield</td>
<td>1,457</td>
<td>10</td>
<td>$2,441,500</td>
</tr>
<tr>
<td>Owatonna</td>
<td>202</td>
<td>95</td>
<td>$25,022,500</td>
</tr>
<tr>
<td>Blaine</td>
<td>597</td>
<td>44</td>
<td>$13,848,200</td>
</tr>
<tr>
<td>Wabasha County</td>
<td>2,158</td>
<td>49</td>
<td>$8,766,800</td>
</tr>
</tbody>
</table>

- Why the discrepancy between # Policies vs. Homes in SFHA?
  - More senior citizens– more mortgages paid off?
  - Low home values – more mortgages paid off?
  - Significant CIP projects for mitigation not reflecting in map revision?
- Is the answer because of current conditions? How about in 5 years?
- Just because they own their home, did their flood risk change?
Evaluation Step 2 – CAV Prep

• A few hours to three days
• Tour of the SFHAs (windshield survey)
• Meetings with officials and floodplain management team
• Detailed review of your ordinance
• Detailed review of ECs and variances
• Learning about your community
Evaluation Step 2 – CAV Prep

• Where would you spend your time?
  • Do the SWOT or ROI analysis
  • Get the political will, going in your direction
  • Contact FEMA and the State with your interest
  • Find all of your files
  • Plan out the visit to the SFHAs and growth areas
  • Lay out your justification for any variances/permitting issues
Evaluation Step 2 – CAV Prep

• Where would you want help?
  • Benefit Cost (SWOT) analysis?
  • Mapping Repetitive Losses or development of Repetitive Loss Areas
  • Communication plan that can count for outreach and eventually fall into a Plan for Public Involvement (PPI)
  • Fix those ECs
  • Help you get organized – if you’re paying someone to help, all of a sudden you focus on getting that job done so it is not wasted dollars.
## LOE for CAV Prep

<table>
<thead>
<tr>
<th>CRS Activity/Task</th>
<th>LOE</th>
<th>Tip</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elevation Certificate fixing (impacts CRS 310)</td>
<td>• 10 min per EC for Review</td>
<td>• 90%+ of EC’s must be 100% correct</td>
</tr>
<tr>
<td></td>
<td>• 1 hr. per EC for serious corrections</td>
<td>• No errors in BFE/FFE/HAG/LAG</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Describe property address correctly</td>
</tr>
<tr>
<td>Insurable Buildings in SFHA (impacts CRS 370, 410, 420, 501)</td>
<td>• Pay to capture = $1/building (off-shore)</td>
<td>• Depends on your GIS data</td>
</tr>
<tr>
<td></td>
<td>• Digitize 100 per hour with attributes &amp; QC</td>
<td>• Manual identification and estimation effort is high</td>
</tr>
<tr>
<td>Ordinance Review</td>
<td>• 1 hr. for your time, 2 hr. with your legal team</td>
<td>• Can be very fast if you had a recent map update and ordinance is ready to roll</td>
</tr>
<tr>
<td>Permitting &amp; Variances</td>
<td>• 20 min per permit</td>
<td>• Need to find them all</td>
</tr>
<tr>
<td></td>
<td>• 4 hr. per variance review</td>
<td>• May need to craft careful statement for variances</td>
</tr>
</tbody>
</table>
Data, Data, Data

• You don’t need this right away, but it sure helps the SWOT and ROI
  • Number of Policies
  • Number of Structures in Floodplain
  • Number of Floodplain Insurance Claims
Why don’t more Communities participate?

• Low return on investment for communities with few flood insurance policies

• CRS perceived as too complicated – 600+ page manual

• Data, Data, Data

• Community Assistance Visit (CAV) & Letter of good standing delays

• Floodplain violations and poor record keeping

• Special requirements for communities with repetitive loss properties

• Unavailable documentation related to flood insurance policies on community-owned or leased properties
Return on Investment

$/Labor to get join CRS

Do my officials perceive flood management as anti-development/sales tax?

Can be part of an overall community resilience strategy?

# and $premiums of insurance policies

Is a being a class 8 worth it?

Do I need some positive PR?

We just got new maps!

Return on Investment 21 | FMA Conference
Good Candidates for Participation

- Policy base that justifies the investment?
- In full compliance with minimum NFIP requirements
- Already implementing some higher standards
- Performing outreach activities to inform residents about their flood risk
- Have staff with time and resources to oversee the CRS application process and maintain certification
Ideas to Increase Participation

• Baby-steps, don’t get overwhelmed
• Change perception – From Level of Effort (old) To Return on Investment (new)
• Get the positive anecdotes out there
• Simplify the manual
• Money/Technical assistance for CRS applications
• Timely CAVs and close-out activities
• Violation forgiveness for historic problems and minor issues
Is CRS Right for You?

• **STOP** - Don’t answer that off the top of your head based on your current perception of CRS.

• Don’t let the anecdotes influence you.

• Take time to evaluate the ROI.
  • Now?
  • 3 years from now?
  • What happens if we are at real risk rates?

• There’s lots of people who can help you!
Wrap Up/Questions

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