

WATERLOG

NFIP NEWSLETTER

Flood Insurance News In Idaho

SUMMER 2007

Wildfires Increase Flood Risk

It is likely Idaho will end up in the top three states as far as dollars to fight fires this year according to an article in the Idaho Statesman. As of the end of August, fires have blackened about 1.8 million acres and destroyed 22 houses across the state, and there are still hundreds of homes threatened in Idaho. The federal government has spent an estimated \$125 million to fight large wildfires in Idaho this summer.

Researchers in Arizona, Colorado and Switzerland have found a correlation between areas that have burned and flood occurrence. In Arizona, a flash flood of muddy water killed one person and caused property damage, even though that part of Arizona was experiencing a multi-year drought. In Switzerland, researchers found that a 10-year rainfall event caused a 100- to 200-year flood event after a wildfire.

The charred and denuded ground in burn areas cannot absorb water, resulting in mudflows and peak discharges above what a watershed or drainage would normally experience. Properties directly affected by fires, as well as those located below or downstream of impacted areas, are most at risk, including many properties not previously considered as having a moderate or high flood risk.

Mudflows vs Mudslides

A mudflow is a flooding condition in which a river of liquid and flowing mud moves on the surface of normally dry land. Mudflows are different from mudslides, in which a dry or wet mass of earth or rock moves downhill. Though a flood may trigger a landslide, damage is caused by the falling rock or earth, not the water. Mudflows are covered by flood insurance; mudslides are not.



Mudflow at Frenchman's Bend, near Ketchum in area burned by Castle Rock fire, after rain/hail storm. Photo courtesy of Trey Spaulding/The Wood River Journal

Experts state that after a wildfire, it may take three to five years for the vegetation to regain the ability to intercept and retain water. Without vegetation and ground cover, rainfall can cause soil on slopes to become saturated, liquefy, then flow downhill as a devastating mudflow. Residents in areas susceptible to flash or winter flooding, or areas of extensive wildfire need to prepare in advance for flood conditions.

According to the Federal Emergency Management Agency (FEMA), before the threat of flooding is imminent, a resident should:

- Purchase a flood insurance policy.
- Review an existing insurance policy to ensure the limits adequately protect buildings and personal belongings and become familiar with what is and is not covered.
- Make a flood plan. Plan evacuation routes and keep important papers in a safe, waterproof place. Itemize and take pictures of possessions.

WATERLOG

Waterlog is the NFIP Newsletter and Floodplain Insurance News published quarterly by the Idaho Department of Water Resources.

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Managing Floodplains in Approximate A Zones

Look through the hundreds of Flood Insurance Rate Maps (FIRM) maps that cover Idaho and you will see approximate Zone A most frequently. Zone A identifies an approximately studied special flood hazard area for which no base flood elevations (BFE) have been provided. "Although BFEs are not provided, the community is still responsible for ensuring that new development within approximate Zone A areas is constructed using methods that will minimize flood damages. This often requires obtaining or calculating BFEs at a development site," (FEMA 265/July 1995).

Managing Floodplain Development in Approximate Zone A Areas: A Guide for Obtaining and Developing Base (100-year) Flood Elevations is a useful reference for floodplain administrators and others who work with floodplain management in approximate, and unnumbered A Zones. It includes examples of thresholds for what type of development requires BFE, usually subdivisions of more than 50 lots or larger than 5 acres, whichever is less. It describes potential federal, state and local data sources for base flood information when a flood insurance study (FIS) does not exist.

The technical portion of the report describes one simplified and three detailed ways to calculate BFEs. The simplified method is not acceptable for developing the BFE for a subdivision or elevation certificate. The detailed methods require using either topography and cross sections; hydrological analysis including regression equations, or hydraulic data to enable a step-backward analysis.

The results of calculating BFEs may show that a given property or subdivision is in a less hazardous flooding zone and eligible for lower insurance rates, or out of the floodplain. The last chapter briefly details letters of map change and how to apply for them.

FEMA 265/July 1995 is available online from the FEMA Information Library, <http://www.fema.gov/library/viewRecord.do?id=1526> or, you can order a print version by calling FEMA at 1-800-480-2520.

NFIP Workshops

NFIP workshops will be offered this fall and winter in six locations in Idaho. The dates and places still are being arranged. Watch your e-mail and the IDWR Floodplain Management Web site for information on dates, locations and how to register.
<http://www.idwr.idaho.gov/water/flood>

The first workshop will be a half-day in Nampa and will be oriented to building officials and plan reviewers. The other five full-day workshops will include an overview of the NFIP, elevation certificates and LOMC's, ordinance review, and the latest information on levees and mapping.

Non-NFIP Policies-Are They Worth It?

Lena Thompson, FEMA

There are issues with non-NFIP flood insurance policies that have become more and more apparent to those of us who work with the NFIP's Standard Flood Insurance Policy (SFIP). These issues are of major concern, not just at FEMA, but also to insurers and to lenders. Our concern is with the use of private insurance to protect property against flood. This sometimes occurs when a lender needs to find a policy to cover a mortgaged property that is uninsured or underinsured against flood. Policies purchased under these conditions are referred to as "lender-placed." FEMA's concerns about lender-placed private flood insurance policies are: (1) What are the merits and drawbacks of the flood insurance coverage offered by private carriers, and (2) what responsibilities does a lender have when considering a private flood policy?

The Merits and Drawbacks of Private Flood Insurance

What does a private flood insurance policy offer that the SFIP doesn't? Well, private policies can be cheap. Some appear to have higher coverage amounts. A few even offer some of the coverage for flood damage that they claim to provide. But few private policies offer the extent of coverage provided by the SFIP. In the short term, low-cost, minimal coverage may be what a lender is looking for. But, in the long term, private carrier policies rarely protect the business or home that represents a lender's collateral.

There is an instance when private insurance can offer what the SFIP can't-and that is coverage in locales where the SFIP isn't available. For instance, private insurance may be available in communities that do not participate in the National Flood Insurance Program. If a lender wants to protect collateral in a non-participating community, private flood insurance is the only way to protect that investment. Another instance in which a lender might turn to private flood insurance is in an underinsurance situation.

Protecting property against the risk of flood is a safety and soundness issue for lenders. The peril of flood loss is no joke, but some of those private flood policies are. For instance, one privately offered flood insurance policy, available in Guam, cites the following exclusion, "We will not cover you for loss or damage caused by: sea surge, tidal wave, high water, flood, erosion, subsidence or landslip (landslide)." That policy doesn't really cover flood, does it?

There are some specific drawbacks presented by private policies, beyond failure to cover the obvious aspects of flood damage. Some policies only offer property coverage if there are high limits on contents coverage. Some private policies have broad exclusions. For example, although the SFIP covers floodwater that backs up through sewers if there is a flood in the area (V. Exclusions, D., 5.), one private flood policy specifically excludes sewer backup.

In some cases, the SFIP covers property for the remediation of mold-a big issue since Tropical Storm Allison hit Texas in 2001. The remediation of mold caused by flooding generally isn't even addressed by most private policies and is specifically excluded from at least one policy we've reviewed.

Clarifying Lender Responsibilities

To help lenders understand and comply with the NFIP's mandatory purchase requirements, FEMA updated the Mandatory Purchase of Flood Insurance Guidelines In September 1999. This booklet (FEMA document 186) is a must-have for lenders. It can be obtained at no cost from the FEMA Distribution Center by calling 800-480-2520. It is also available on the FEMA web site <http://www.fema.gov/business/nfip/mpurfi.shtm>.

What do the guidelines say about private flood insurance? The guidelines address private flood insurance with great caution-if you want to protect property from the risk of flood, you have to make sure the coverage is as broad as coverage offered by the NFIP. *continues...*

Lenders must inform prospective borrowers of the availability of coverage from private insurers as well as the NFIP, as part of the notification procedure in making a loan. When the mandatory purchase law applies, the lender must consider the suitability of private policies and take into account the following:

The insurer should be licensed or otherwise approved to do business in the jurisdiction where the building is located.

In the case of non-residential commercial property insurance issued under a policy of difference in conditions, multiple peril, all risk, or other blanket coverage, it should be sufficient if the insurer is recognized, or not disapproved, as a surplus lines insurer by the insurance regulator in the jurisdiction where the building is located. The private policy should be as restrictive in its cancellation provisions as the SFIP. The policy should guarantee that the flood insurance coverage is at least as broad as coverage provided by the SFIP relative to the deductibles, exclusions, and conditions. Finally, a lender should be satisfied that the private policy has a mortgage interest clause similar to the SFIP's.

Remember, you usually get what you pay for. This isn't simply a matter of "getting the best deal." Making sure your customer's home or business is protected and your portfolio is compliant is just good business.

Lena Thompson has worked with FEMA for 25 years. She is the Mitigation Division's Lender Compliance Officer and can be reached at lena.thompson@dhs.gov.

Congratulations!

Keri Blankenship, Caldwell, has become a Certified Floodplain Manager. She took and passed the exam at the ASFPM annual meeting in Norfolk, VA, in June. Ms. Blankenship is the eighth CFM in Idaho. She is the floodplain administrator for Canyon County.

Legal Question on Automatic Adoption of Revisions to Flood Maps

*by Phillip J. Rassier, Deputy Attorney General
Idaho Department of Water Resources*

My assessment of the law on this issue is that cities and counties may not use an "automatic adoption" clause in an ordinance to automatically adopt future revisions to flood maps. This conclusion stems from case law recognizing that "[t]he legislative power of this state is vested in the legislature" under Idaho Const. art. 3, sec. 1. In *re Snake River Basin Water System*, 115 Idaho 1, 764 P.2d 78 (1988). The Idaho Supreme Court has held that "[t]he legislature cannot delegate its authority to another government or agency in violation of our Constitution." *Id.* citing *Idaho Savings & Loan Ass'n. v. Roden*, 82 Idaho 128, 134, 350 P.2d 225, 228-29 (1960) (statute could not require compliance with rules of the Federal Savings & Loan Insurance Corporation adopted or amended after enactment of the Idaho legislation).

While there does not appear to be case law specifically addressing this issue with regard to municipalities, the same principle would apply to a Board of County Commissioners or a City Council when serving as the legislative arm of a county or city government. I have consulted with Mitch Toryanski, Deputy Attorney General, Intergovernmental & Fiscal Law Division, and he concurs with this assessment of the law.

Vertical Datum: New Mapping Studies Convert to Updated Vertical Datum

A vertical datum is a base measurement point (or set of points) from which all elevations are determined. Without a common datum, surveyors would calculate different elevation values for the same location. Historically, that common set of points has been the National Geodetic Vertical Datum of 1929 (NGVD29). However, as a result of advances in technology, an updated vertical datum was created and has been officially adopted by the Federal Government as a new basis for measuring heights: the North American Vertical Datum of 1988 (NAVD88). The vertical datum used by a surveyor or engineer must be identified on an elevation certificate.

September Is National Preparedness Month

Release Date: September 4, 2007
FEMA Release Number: R10-07-053

SEATTLE, Wash. -- September is National Preparedness Month, and the U.S. Department of Homeland Security has joined with more than 1,700 national, state and local agencies and organizations to encourage Americans to prepare their homes, businesses, schools and communities for disasters of all kinds. According to FEMA Regional Administrator Susan Reinertson, engaging citizens in homeland security and disaster preparedness is a critical first step in effective government response and recovery efforts.

"National Preparedness Month is a great opportunity for citizens to focus on how to prepare for natural disasters and the ever-present threat of terror-strikes," said Reinertson. "This year, the Department of Homeland Security and Coalition members are focusing on family emergency preparedness, and urging everyone to help make themselves and their loved ones better prepared."

For the first time, National Preparedness Month is focusing on different areas of emergency preparedness:

- September 1- 8 Back-to-School (Ready Kids)
- September 9-15 Business preparedness/ Ready Business
- September 16-22 Multicultural preparedness (Listo)
- September 23-30 Home & Family preparedness, including pets, older Americans and individuals with disabilities and special needs (Ready America).

"No matter how busy or hectic your daily routine, now is the time to think about what to do in the event of unexpected infrastructure failure or any other major disaster. A good place to start is your local office of emergency management or local chapter of the American Red Cross," said Reinertson.

"Or by downloading our Are You Ready? An In-depth Guide to Citizen Preparedness from www.fema.gov. Also, there is a wealth of information at www.ready.gov and a great a calendar of National Preparedness Month events on the Citizen Corps site, at: www.citizencorps.gov."

The Are You Ready citizen's guide is also available from FEMA's publications warehouse by calling (800) 480-2520.

FEMA coordinates the federal government's role in preparing for, preventing, mitigating the effects of, responding to, and recovering from all domestic disasters, whether natural or man-made, including acts of terror.

Ask Johnny Floodplain, CFM

Johnny Floodplain is kind of like a Dear Abby for people with questions about and relationship problems with floodplains. If you have questions, no matter how disturbing, write in care of this newsletter (or your local state floodplain coordinator) and we'll see if Johnny can answer them. Here is a question from last week's mailbag. The names (as always) are changed to protect the innocent (and uninformed).

Dear Johnny,

*I am a local city official in an NFIP community. Someone told me our community can get CRS points for handing out floodplain literature. Is this true? **C.T. Manager***

Dear C.T.,

You bet! You can get points for outreach under Section 330 of the Community Rating System. The details are discussed in the CRS Coordinator's Manual, available on line at <http://training.fema.gov/EMIWeb/CRS/Resources-mp.htm> or you can use an Internet search engine to find it. Basically there are four types of outreach projects, each with specific criteria for CRS recognition.

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Outreach Projects to the Community (OPC) can include things as simple as publishing flood warnings or evacuation procedures in the local phone book. Other examples of this type of outreach would include sending written information through newsletters, utility bill statements, or other documents that are mailed to the entire community. No credit is given for one time outreach and projects must be implemented at least once a year.

The second type, Outreach Projects to Floodplain Residents (OPF), requires targeted material sent to residents of the Special Flood Hazard Area (SFHA) as shown on the community's FIRM. One example would be a letter or a brochure sent at least once a year to at least 90% of these residents. The third type, Additional Outreach Projects (OPA), includes other ways of performing outreach through public information booths at malls, fairs, and community events, along with other things like cable TV programs, flyers stuck in newspapers, and radio call-in shows.

Finally there is Public Information Program Strategy (OPS). Credit for this type is entirely dependent on implementing projects recommended by a public information program strategy that is prepared to certain criteria. Instead of copying national models or distributing blanket materials, the community determines how to best reach the target audience and coordinates outreach with other information programs.

Of course, all outreach effort must be documented, and there are guidelines and examples of outreach projects available in the publication CRS Credit for Outreach Projects available at the website mentioned above.

Johnnie Floodplain is the alter ego of Nick Delmedico, a Certified Floodplain Manager with FEMA. If you have questions you'd like to see answered in a future column, e-mail to nicholas.delmedico@dhs.gov or write to Nick at FEMA Region X, 130 - 228th Street SW, Bothell, WA 98021-9796.

The Association of State Floodplain Managers (ASFPM) Annual Conference will be held May 18-23, 2008 in Reno, NV.

"A Living Approach To Floodplain Management" is the theme under which presentations and field trips will be organized.



As always, the Certified Floodplain Manager exam will be given during the conference. Get conference information at www.floods.org

Resource Links

FEMA INFORMATION RESOURCE LIBRARY
<http://www.fema.gov/library/index.jsp>

FEMA EMERGENCY MANAGEMENT INSTITUTE
<http://training.fema.gov>

FLOODPLAIN MANAGEMENT IN SOUTH CAROLINA
QUICK GUIDE
<http://www.dnr.sc.gov/water/flood/quickguide.html>