

2/2/14

Regarding your data-specific questions in connection with the HMGP Energy Allocation Initiative, thanks for the opportunity to respond. Many of our folks have responsibilities in connection with the Superbowl, but I think I was able to address all of your questions.

The information below is highly detailed to cover the full scope of your questions and make absolutely clear that while legitimate scoring errors have been discovered and rectified, any assertion that they were anything but human data-input errors or attempting to connect those errors to unsubstantiated claims in the press is simply and categorically false.

Each of these points is detailed below but I want to make a few points clear up front:

- Project review and application scoring is done by a cross-agency working group and specifically by career government employees and subject matter experts.
- All scoring metrics and criteria are objective and determined by those same career professionals.
- All data entry through the application review process is done by hand. Human error is inevitable but through robust quality control measures, our teams act proactively to fix them and communicate changes with the grant applicants.
- No projects have been funded yet. As part of our ongoing quality control and assurance process, we are now making any needed data adjustments, correcting any errors, and ensuring that the data is accurate before submitting the applications to the federal government. This will include some of the issues you have raised with us.

As I think you already know, the review of individual projects (and resulting scoring) was accomplished through the work of a cross-agency effort that consisted of representatives from BPU, DEP, OEM, and OHSP. These four agencies exclusively conducted the scoring.

Representatives from these agencies reviewed well over 800 proposed energy projects that were scored against objective criteria collected from various data sources including FEMA, the U.S. Census Bureau, and divisions within the participating agencies. Over 19,000 data fields were manually entered in an Excel spreadsheet as part of this undertaking. Please keep in mind by way of background that over 1,500 Letters of Intent were submitted with thousands of projects at a projected cost of more than \$14 billion (far exceeding available HMGP funding available to the State).

Scoring criteria, metrics, and point increments were identified by the participating agency representatives. Only objective data criteria were used to determine allocation amounts, and that criteria was applied against projects submitted by all applicants. **To be clear, any suggestion that career government employees/subject matter experts somehow manipulated data to achieve certain results would be completely false.**

Building energy resilience has been a critical part of the long-term recovery effort, which is why the Energy Allocation Initiative is only one component of the State's plan. For some applicants that are contemplating larger, more expensive resilient energy projects, HMGP grants can serve as "seed money" to allow jurisdictions to fund engineering and design studies to explore the feasibility of forward-looking energy technologies. (Monday's Action Plan to HUD will describe the next phase of the State's plan to build energy resilience on an even larger scale). Municipalities and counties that received allocations were required to attend seminars with energy experts as part of the Initiative. **Importantly, during these seminars the criteria for allocations were reviewed and technical assistance was made available to the applicants.**

When errors were identified in the energy allocation calculations, the working group proactively addressed them. For example, the Bergen County Utilities Authority did not initially receive an allocation because its proposed project was not scored due to a manual data error. When the error was detected, the working group re-convened and corrected the scoring to support a \$142,080 allocation.

In addition, in November, 22 jurisdictions were informed that Energy Allocation amounts previously announced were incorrect because those amounts were based on project cost estimates that were incorrectly entered into the master scoring spreadsheet. The agencies worked closely with the impacted municipalities to make adjustments (increases and decreases) as warranted.

Please keep in mind that the agencies were operating under intense time pressures to complete the Energy Allocation process. And as you know, Superstorm Sandy unleashed unprecedented damage across the State, resulting in all 21 counties being Presidentially declared disaster areas. In the months and year following Sandy, State agencies -- including my own - have often worked 24 hours a day, 7 days a week to stand up more than 50 programs and initiatives to support the immediate long-term recovery. Notably, the FEMA HMGP deadline was one-year from Sandy and was extended twice in three month increments to complete this process. In terms of the capacity for mistakes, I'm sure you can understand that the agencies have had to analyze complex and substantial amounts of data from a host of sources in this very limited timeframe.

And we continue to make needed changes and corrections to the data prior to our submittal to FEMA.

Please also keep in mind that as part of another HMGP program (the Local Resilience Projects program), \$50 million in funds were allocated among all 21 counties to support local resilience measures. These counties have the ability to prioritize energy projects for municipalities in their county. Also, LOIs for the municipalities were provided to each of the corresponding counties to facilitate their analysis.

With respect to your specific questions:

(1) Population size and density data were drawn from publicly available US Census data. Scoring increments were assigned by using incremental ratios from the Census data as presented. For example, point increments were scored for population density based on a range from zero to 57,020 (according to the 2010 Census, the most densely populated municipality in New Jersey (and likely the country) is Guttenberg at 57,020.4 persons per square mile; four Hudson County cities are in the top five nationally). The median of the 0 - 57,020 data range was determined to be 28,510. From there, two tiers were calculated using the same median methodology for both the zero - 28,510 and 28,511 - 57,020 ranges. With respect to population data, this median approach had the functional effect of prioritizing county or "regional" projects (instead of projects in individual communities), in line with the recommendations of the President's Hurricane Sandy Rebuilding Task Force.

(2) With respect to BPU Energy Audit data, the BPU advised the working group on those projects that had completed energy audits. Perhaps you are relying on an outdated or incomplete list.

(3) With respect to FEMA Public Assistance data, please note that data the working group used was supplied by FEMA in August and represented Public Assistance data as of that time. A significant volume of project worksheets were processed in the months following June which may account for some differences. In addition, where possible, the working group relied on building-level data -- NOT municipal data -- which may account for the same municipality receiving different Public Assistance scores on different projects at different buildings.

That said, the working group has always taken data fidelity concerns seriously - everyone wants the data to be accurate. No projects have yet been funded. As applications are prepared for submission to FEMA, data points will be verified and any potential errors will be reviewed and adjustments will be made as appropriate, as part of quality assurance/quality control process. The working group will also be reviewing some of the potential data input issues you have raised as part of the QA/QC process before the final applications are submitted to FEMA.

Thanks again for the opportunity to comment.

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