

Agenda Report

Subject: Federal Emergency Management Agency Community Rating System (CRS)

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Date: March 6, 2012

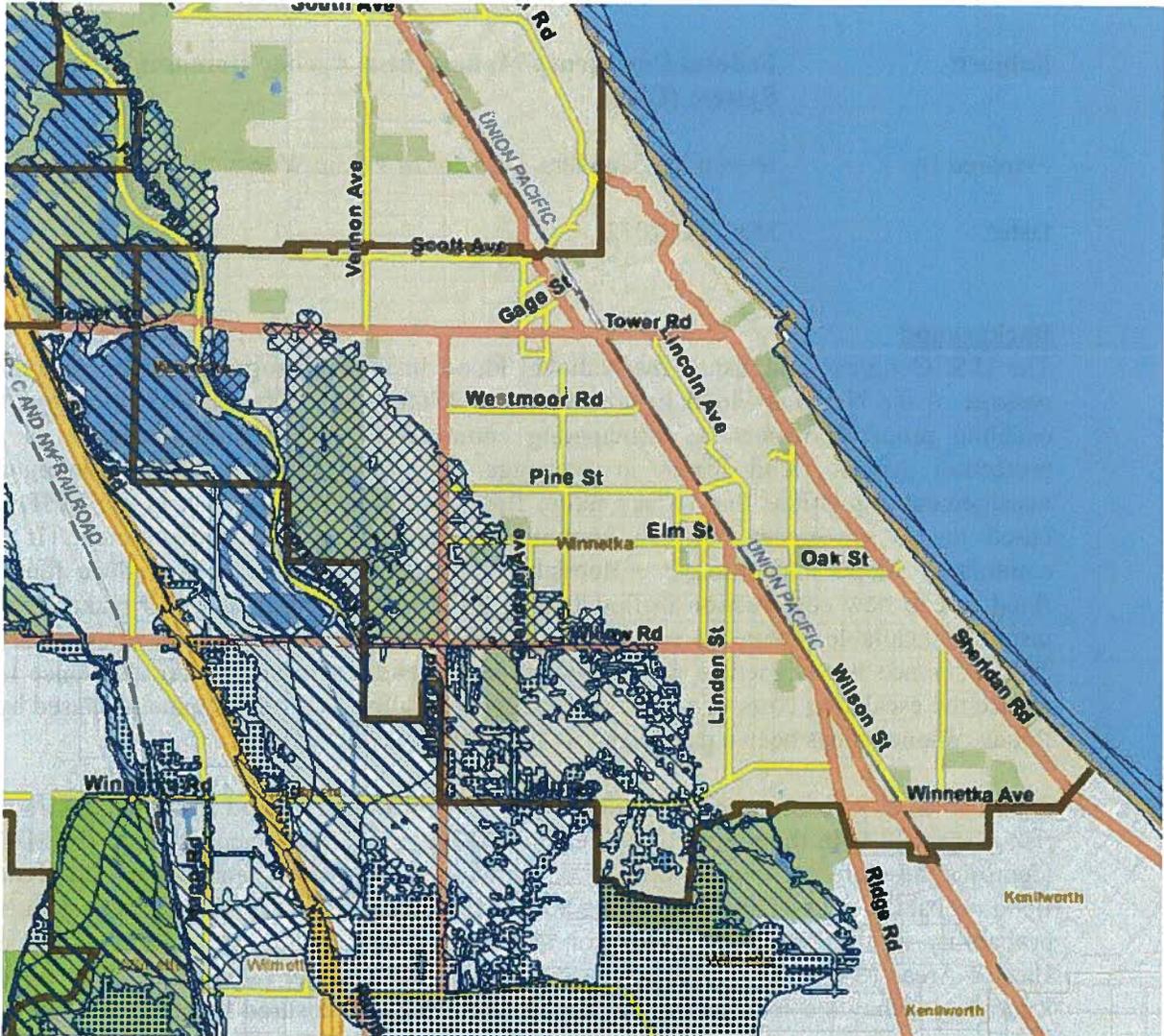
Background

The U.S. Congress established the National Flood Insurance Program (NFIP) with the passage of the National Flood Insurance Act of 1968. The NFIP is a Federal program enabling property owners in participating communities to purchase insurance as a protection against flood losses in exchange for State and community floodplain management regulations that reduce future flood damages. Participation in the NFIP is based on an agreement between communities and the Federal Government. If a community adopts and enforces a floodplain management ordinance to reduce future flood risk to new construction in floodplains, the Federal Government will make flood insurance available within the community as a financial protection against flood losses. This insurance is designed to provide an insurance alternative to disaster assistance to reduce the escalating costs of repairing damage to buildings and their contents caused by floods. Winnetka has been a participant in the NFIP since the 1970's.

A fundamental tenet of the NFIP is identifying flood hazard areas and assessing the flood risk associated with these areas. The Federal Emergency Management Agency (FEMA) identifies these areas through a process of hydraulic and statistical analysis to determine flood probabilities associated with riverine and coastal areas. Areas with a 1% or greater probability of flooding in a given year are mapped and designated as Special Flood Hazard Areas (SFHA's). Properties located within SFHA's are required to carry flood insurance, if they are secured by a mortgage with Federally-insured financial institution. Flood insurance is available to these properties, and to any property, for that matter, in communities or counties that participate in the NFIP. Flood insurance premiums are calculated based on the elevation of a structure and its resultant probability of flooding.

In the Village of Winnetka, there are SFHA's associated with the Skokie River, and with Lake Michigan. These SFHA's, containing approximately 770 properties, are shown below. These properties may either be entirely located within the 100-year flood plain, including the home, or may only have portions of the property located within the 100-year flood plain.

Village of Winnetka SFHA Map



In Winnetka, there are 320 policies covering \$86,126,800 in property values, with an average annual premium of \$2,084 for those that are in the 100-year flood plain.

Community Rating System (CRS)

The NFIP's Community Rating System (CRS) recognizes community efforts beyond those minimum standards by reducing flood insurance premiums for the community's property owners. The CRS is similar to – but separate from – the private insurance industry's programs that grade communities on the effectiveness of their fire suppression and building code enforcement. CRS discounts on flood insurance premiums range from 5% up to 45%. Those discounts provide an incentive for new flood protection activities that can help save lives and property in the event of a flood.

To participate in the CRS, a community can choose to undertake some or all of 18 public information and floodplain management activities designed to reduce a community's susceptibility to flooding. These measures are described below:

- Elevation Certificates. Maintain FEMA elevation certificates for new construction in the floodplain. At a minimum, a community must maintain certificates for buildings built after the date of its CRS application.
- Map Information Service. Provide Flood Insurance Rate Map (FIRM) information to people who inquire, and publicize this service.
- Outreach Projects. Send information about the flood hazard, flood insurance, flood protection measures, and/or the natural and beneficial functions of floodplains to flood-prone residents or all residents of a community.
- Hazard Disclosure. Ensure that real estate agents advise potential purchasers of flood-prone property about the flood hazard. Regulations require notice of the hazard.
- Flood Protection Information. The public library and/or community's website maintains references on flood insurance and flood protection.
- Flood Protection Assistance. Give inquiring property owners technical advice on how to protect their buildings from flooding, and publicize this service.
- Additional Flood Data. Develop new flood elevations, floodway delineations, wave heights, or other regulatory flood hazard data for an area not mapped in detail by the flood insurance study. Have a more restrictive mapping standard.
- Open Space Preservation. Guarantee that currently vacant floodplain parcels will be kept free from development.
- Maintain Higher Regulatory Standards. Examples include: Require freeboard. Require soil tests or engineered foundations. Require compensatory storage. Zone the floodplain for minimum lot sizes of 1 acre or larger. Require coastal construction standards in AE Zones. Have regulations tailored to protect critical facilities or areas subject to special flood hazards (for example, alluvial fans, ice jams, subsidence, or coastal erosion).
- Flood Data Maintenance. Keep flood and property data on computer records. Use better base maps. Maintain elevation reference marks.
- Stormwater Management. Regulate new development throughout the watershed to ensure that post-development runoff is no worse than pre-development runoff. Regulate new construction to minimize soil erosion and protect or improve water quality.
- Floodplain Management Planning. Prepare, adopt, implement, and update a comprehensive flood hazard mitigation plan using a standard planning process. This is a minimum requirement for all repetitive loss communities.
- Acquisition and Relocation. Acquire and/or relocate flood-prone buildings so that they are out of the floodplain.
- Flood Protection. Protection of existing floodplain development by flood-proofing, elevation, or minor structural projects.
- Drainage System Maintenance. Conduct periodic inspections of all storm sewers, channels and retention basins, and remove debris as needed.

- **Flood Warning Program.** Provide early flood warnings to the public, and have a detailed flood response plan keyed to flood crest predictions.
- **Levee Safety.** Maintain existing levees not otherwise credited in the flood insurance rating system that provide some flood protection.
- **Dam Safety.** (All communities in a state with an approved dam safety program receive some credit.)

The Village currently undertakes many of these activities to a greater or lesser degree, but we will need to formalize and document these activities in a manner consistent with FEMA’s requirements. Participation in the CRS will provide property owners with flood insurance premium discounts of up to 45%, depending on the level of credit points received and where their property is located. Discounts are calculated based on the following:

Rate Class	Discount		Credit Points Required
	SFHA*	Non-SFHA**	
1	45%	10%	4,500 +
2	40%	10%	4,000 – 4,499
3	35%	10%	3,500 – 3,999
4	30%	10%	3,000 – 3,499
5	25%	10%	2,500 – 2,999
6	20%	10%	2,000 – 2,499
7	15%	5%	1,500 – 1,999
8	10%	5%	1,000 – 1,499
9	5%	5%	500 – 999
10	0%	0%	0 – 499

* Special Flood Hazard Area

** Preferred Risk Policies are available only in B, C, and X Zones for properties that are shown to have a minimal risk of flood damage. The Preferred Risk Policy does not receive premium rate credits under the CRS because it already has a lower premium than other policies. Although they are in SFHA’s, Zones AR and A99 are limited to a 5% discount. Premium reductions are subject to change.

To participate in the CRS, the Village must submit a letter, signed by the Village President, stating formal intent to apply for the program. The Village must then undergo a Community Assistance Visit (CAV) to determine the Village’s compliance status in the NFIP, and designate a CRS Coordinator to lead the program. The Village must address deficiencies (if any) found during the CAV and then document its NFIP activities to obtain credit points. This will likely be a 12 to 18-month process and could proceed on a parallel track to the proposed Stormwater Master Planning process.

Recommendation:

Consider authorizing the Village of Winnetka to formally apply for participation in the FEMA Community Rating System