

TO: James L. App, City Manager

FROM: Meg Williamson, Assistant to the City Manager

SUBJECT: Earthquake Recovery – Federal Reimbursement Process Assistance

DATE: May 4, 2004

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Needs: For the City Council to consider appropriating additional funds to continue professional services dealing with quake issues and Federal Emergency Management Administration (FEMA).

Facts:

1. On February 17, 2004 the City Council authorized a \$20,000 professional service contract with Kermani Consulting Group to assist the City in navigating the public assistance reimbursement process with FEMA.
2. As expected, the preparation of damage documentation and reimbursement requests for FEMA have proven to be both complex and time consuming.
3. City staff members have been assigned as project managers for individual quake repair projects, conducting the majority of day to day action steps for repair implementation. However, Kermani Consulting's guidance and oversight associated with gaining FEMA's approval for reimbursement is key.
4. There have been numerous discrepancies between the cost estimates prepared by FEMA and those generated by City staff and/or actual contractor bids.
5. The City's approach to FEMA on these discrepancies has been to negotiate solutions, rather than undertake a more formal, adversarial, and time consuming appeal process. Kermani Consulting Group's experience has proven valuable in capturing disputed reimbursements.
6. While "smaller" repair projects appear to be reaching a point of agreement on the scope of repair work and terms for reimbursement, there remain three (3) key projects that will require a significant amount of attention. These include: Golden Hill Water Tank Repair; Sulfur Spring and City Hall/Library Parking Lot Repair; and Carnegie Library Repair. Cumulatively, these projects represent approximately \$6.4 million in reimbursement exposure.
7. An additional \$30,000 is requested to extend the earthquake recovery assistance services of Kermani Consulting.

Analysis  
and  
Conclusion:

While it appears that the City has reached tentative agreement with FEMA on the majority of outstanding public project repairs, there remains a significant amount of reimbursement exposure on three key projects. These projects represent \$6.4 million of estimated city-wide repair costs.

Given the complexity of these larger projects, the time commitment required to deal with FEMA, and the magnitude of financial exposure, it is highly desirable to continue to engage outside assistance. The benefits of outside help have already shown to outweigh the cost.

Fiscal  
Impact:

The \$20,000 appropriation for FEMA consultation is 90% expended.

Consultant fees such as these are not reimbursable by FEMA. However the City does receive an automatic 10% administrative fee on top of the project reimbursement amount to cover staff's time in managing repair projects. Staff's time is a "sunk" cost since salaries are already covered by the City's operating budget. Therefore, this administrative fee helps off-set consultant fees.

The one year budget/four-year financial plan adopted by the Council on June 3, 2003 indicated that the General Fund would experience a \$(1,215,500) operating deficit for fiscal year 2003. Since that presentation, the Council has approved the following additional General Fund budget appropriations:

Carry-over Requests	\$849,900
City-wide Fee Study	11,000
Self-contained Breathing Apparatus	15,800
Install 67 Parking Spaces	7,000
Void GF Montebello Park Contribution	(550,000)
Landscape & Lighting Improvements	100,000
Quake Consulting Services	20,000
Local Government Sharing Program (request pending)	1,000
Pollution Insurance (request pending)	<u>20,500</u>
Total YTD	<u>\$475,200</u>

These additional appropriations plus this request for \$30,000 would increase the projected General Fund deficit to \$(1,991,700). The projected deficit will be paid from General Fund savings (reserves). There are currently sufficient resources in reserves to cover the deficit.

Options:

- a. Adopt Resolution No.04-xx approving a budget appropriation of \$30,000 to extend earthquake recovery related services under an existing consultant contract.
- b. Amend, modify, or reject the above option.

Attachments:

1. Resolution appropriating funds for earthquake repair assistance

RESOLUTION NO. 04-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
APPROPRIATING ADDITIONAL FUNDS TO CONTINUE CONTRACT  
SERVICES WITH KERMANI CONSULTING GROUP FOR QUAKE ASSISTANCE

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WHEREAS, President Bush declared the San Simeon Quake a federal disaster; and

WHEREAS, the declaration made the City eligible for federal and state disaster assistance; and

WHEREAS, said financial disaster assistance comes with significant requirements for documentation and record keeping; and

WHEREAS, a service contract was executed with Kermani Consulting Group to provide such professional assistance in accordance with a City Council action on February 17, 2004; and

WHEREAS, the contract with Kermani Consulting Group is on time and materials basis and that funding has been 90 percent expended at this time; and

WHEREAS, there remains additional key earthquake recovery projects where there is reimbursement exposure of approximately 6.4 million dollars; and

WHEREAS, continued professional expertise and experience would assist in maximizing potential reimbursement from federal and state emergency agencies; and

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that a one-time budget appropriation in the amount of \$30,000 is hereby authorized from General Fund reserves to budget account 100-140-5235-125.

ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 5th day of May 2004 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Frank R. Mecham, Mayor

ATTEST:

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Sharilyn M. Ryan, Deputy City Clerk

