



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 12/2/2014

Agenda Placement: 10B

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Tracy Schulze - Auditor-Controller
Auditor - Controller

REPORT BY: Tracy Schulze, AUDITOR-CONTROLLER - 299-1733

SUBJECT: Approve appropriations for South Napa Earthquake

RECOMMENDATION

Auditor-Controller and County Executive Officer request adoption of a resolution establishing Fund 1000, Division 10580: Declared Emergency, Sub-Division 1058001: 2014 Earthquake, with appropriations of \$10,000,000 and revenue of \$6,000,000 and using up to \$4,000,000 of General Reserve restricted fund balance within the General Fund, retroactively to August 24, 2014. (4/5 Vote Required)

EXECUTIVE SUMMARY

Today's action will create Fund 1000, Division 10580 and establish appropriation authority in the amount of \$10,000,000 for the 2014 South Napa Earthquake emergency with \$6,000,000 in revenue from anticipated insurance proceeds, retroactively to August 24, 2014. This budget unit will track all expenditures related to the emergency including the Emergency Operations Center costs, Department Operations costs (Health and Human Services), Recovery Operations Center costs, Local Assistance Center costs, clean up and temporary repairs of County facilities, content replacement, tenant relocation, permanent repairs to County facilities, and repairs to County roads, bridges and culverts.

PROCEDURAL REQUIREMENTS

1. Staff report.
2. Public comments.
3. Motion, second, discussion and vote on item.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	General Fund Reserves
Is it Mandatory or Discretionary?	Mandatory
Is the general fund affected?	Yes
Future fiscal impact:	Due to the damage of the facilities incurred by the earthquake, the fiscal impact is not yet known. However, the County will be actively seeking FEMA, State and Insurance reimbursement for eligible costs, which will in turn reimburse the General Fund Reserves. The impact is timing between when the funds are spent and when the reimbursements are recovered, as well as the County's portion of match requirements as it relates to Federal and State funding and insurance deductibles. Appropriations for on-going costs associated with the earthquake event will be included in future fiscal year budget cycles.
Consequences if not approved:	The County facilities and roadways will continue to deteriorate and be unusable. Staff will remain in temporary locations.

Additional Information:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

On Sunday, August 24, 2014, at 3:20 a.m., a 6.1 magnitude earthquake struck South Napa County. The County declared a local emergency and effectively activated the Emergency Operations Center (EOC) to respond to the needs of the disaster. In addition, Health and Human Services activated their Department Operations Center (DOC). Due to the damage suffered to many of the County facilities, approximately 500 County employees were relocated to alternate locations, and immediate clean up efforts and repairs were a top priority. Many County buildings suffered water damage and destroyed contents, and several will require structural repairs prior to returning to normal operations. Furthermore, several County roads, bridges and culverts suffered damage that requires both immediate and long term repairs. The Governor subsequently issued an emergency declaration for the State of California that provides the County monetary relief from State Emergency Funds. On September 11, 2014, the President declared the earthquake as a Federal disaster, which provides the County monetary relief from the Federal Emergency Management Agency (FEMA).

Today's action will create Fund 1000, Division 10580 and establish appropriation authority in the amount of \$10,000,000 for the 2014 South Napa Earthquake emergency, retroactively to the date of the event August 24, 2014. This budget unit will track all expenditures related to the emergency including the Emergency Operations Center costs, Recovery Operations Center Costs, Department Operations Center (Health and Human Services), clean up efforts and temporary repairs to County facilities, content replacement, tenant relocation, permanent repairs to County facilities, repairs to County roads, bridges and culverts, and costs associated with the Local Assistance Center (LAC) for County citizens.

The County will be seeking optimal reimbursements from FEMA, the State, and insurance for the costs incurred. The requested appropriation is funded in part by estimated insurance proceeds of \$6,000,000, in excess of existing deductibles. However, due to timing of reimbursements, this action also requests use of the General Reserve restricted fund balance in the General Fund, should that be needed to fund the expenses incurred until reimbursement is received. Use of General Reserve resources would come to the Board of Supervisors as a separate action after the close of the current fiscal year. The General Reserve is currently fully funded in accordance with the Board of Supervisors' policy at \$24,661,600. Use of General Reserve is limited to conditions as defined by the state. Response and recovery from a natural disaster meets the requirements for use of General Reserve. Should it be necessary to use General Reserve restricted fund balance, efforts to restore the General Reserve to its policy-level balance will take priority over other funding uses.

As of November 21st, the County has incurred or anticipates incurring the following costs in the current fiscal year:

- | \$1.2 million actual dollars spent in immediate clean up and repair costs, including security services, replacement of contents, relocation costs and minor repairs.
- | \$3.2 million in committed dollars yet to be paid for engineers, architects, maintenance and consultant services, various on-going services for temporary relocations such as security and lease payments.
- | \$3.6 million in estimated contracted costs through the County's insurance carrier for water damage clean up, records recovery and remediation of insured facilities.
- | \$2 million in anticipated additional costs during the current fiscal year for permanent repairs to County facilities (pending contracts that will come before the Board).

It should be noted that the above figures do not include any additional staffing costs borne by individual departments due to the temporary shut down of the County facilities and the on-going additional workload of the event, including the staffing of the EOC, DOC and LAC. All staff hours are being tracked to the emergency but not being funded by this new budget unit at this time. The County will make every effort to include these staff costs in the reimbursement requests as allowable by FEMA and where appropriate through its insurance carrier.

As the event is still "new", the actual costs and impact of reimbursements are unknown. In a previous Board action, the County procured a firm with FEMA reimbursement expertise, Tetra Tech, to compile all costs and optimize the County's reimbursement from both the Federal and the State emergency funds. Staff is also actively working with the County's insurance carrier to ensure all eligible costs are offset by insurance proceeds. As stated earlier, there is a timing issue between when costs are actually incurred and when reimbursements are realized by the County. In addition, due to the unknown total costs of this event, the request for \$10 million should be viewed as a starting point. As the County works with engineers and architects, the Board will see additional contracts and plans for permanent repairs to the facilities, accompanied by requests for increases in appropriations.

The County will ultimately bear some costs due to matching requirements or costs incurred outside the scope of emergency funding eligibility, however there is no way to estimate the amount at this time. Costs to be incurred in future fiscal years will be incorporated in the County's annual budget process. The Auditor-Controller and County Executive Officer will provide continuous updates on both costs and reimbursement efforts throughout the duration of this event.

SUPPORTING DOCUMENTS

A . Resolution

CEO Recommendation: Approve

Reviewed By: Helene Franchi