

TO: James L. App, City Manager

FROM: Meg Williamson, Interim Director of Public Works

SUBJECT: Earthquake Recovery – Federal Reimbursement Process Assistance

DATE: December 7, 2004

Needs: For the City Council to consider appropriating additional funds to continue professional assistance with the quake-related Federal reimbursement process.

Facts:

1. On February 17, 2004 the City Council authorized a \$20,000 professional service contract with Kermani Consulting Group to assist the City with the FEMA reimbursement process.
2. On May 4, 2004 the City Council authorized an additional \$30,000 for continued assistance from Kermani Consulting Group.
3. To date, \$2,073,490 has been obligated for reimbursement from FEMA and State OES.
4. The two most significant remaining project challenges are the Carnegie Library structural rehabilitation and the Sulfur Spring and City Hall Parking Lot repair. These two projects represent multiple millions of dollars (estimated at \$5,000,000) of construction reimbursement potential.
5. The design, environmental, construction and administrative processes for the Carnegie and Sulfur Spring repairs are expected to extend over several more years.
6. FEMA and OES have so far appropriated \$80,931 in administrative reimbursement for the City's oversight of these repair projects. These administrative reimbursements help off-set the cost of outside service contracts.
7. Additional administrative allocations will be made for both the Carnegie Library and the Sulfur Spring once a reimbursement approach has been agreed upon.
8. Kermani Consulting Group's experience has proven valuable in capturing the reimbursements to date, and keeping all administrative avenues open for appeal options for the future on disputed projects.

9. An additional appropriation of \$100,000 is requested to extend the earthquake recovery assistance services of Kermani Consulting.

Analysis

and

Conclusion: There are significant challenges ahead related to the Sulfur Spring repair and the Carnegie Library that involve millions of dollars and many years of FEMA/OES interface. These two projects are each complex in their own way and will require significant staff time and professional assistance.

Given the complexity of these larger projects, the time commitment required to deal with FEMA, and the magnitude of financial exposure (approximately \$5,000,000), it is highly desirable to continue to engage outside assistance. The benefits of outside help have already shown to outweigh the cost.

Fiscal

Impact:

Rather than continually returning to request additional appropriations in small amounts, staff is requesting that the Council appropriate an additional \$100,000 for FEMA consultation.

Consultant fees such as these are not directly reimbursable by FEMA. However the City does receive a 10% administrative fee on top of any 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. To date, FEMA/OES have identified they will be paying \$80,931 to the City in administrative fees.

Options:

- a. Adopt Resolution No. 04-xx approving a budget appropriation of \$100,000 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

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 for up to \$20,000; and

WHEREAS, on May 4, 2004 the City appropriated an additional \$30,000 for the continued assistance from Kermani Consulting Group; and

WHEREAS, the contract with Kermani Consulting Group is on time and materials basis and funding has been 85 percent expended at this time; and

WHEREAS, there remains additional key earthquake recovery projects where there is reimbursement exposure of approximately 5 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 \$100,000 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 7th day of December 2004 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk