

TO: James L. App, City Manager

FROM: Meg Williamson, Assistant City Manager
Doug Monn, Public Works Director

SUBJECT: Earthquake Repair Status Report – FEMA related funding

DATE: May 1, 2007

Needs: For the City Council to receive and file a status report on remaining earthquake repair projects and FEMA funding.

Facts:

1. Damage to Public Facilities and infrastructure after the December 22, 2003 San Simeon earthquake was estimated at \$7.2 million.
2. The City has completed all but two Public Facility repair projects at a cost of \$3.2 million.
3. FEMA and State OES have committed to cover \$3 million of those repairs, of which \$2.1 million in reimbursements have been received to date. Retention and final close out payments are still anticipated for those completed repairs.
4. The last two large Public Facility repair projects - the Carnegie Library, and the Sulfur Spring within the City Hall/Library Parking Lot – are unique and complex.
5. These remaining repair projects are estimated to cost approximately \$2 million each to complete (\$4 million cumulatively).
6. The City has expended approximately \$500,000 out of pocket (mainly on design and engineering services) for these two projects. It is anticipated that these expenses will be reimbursed.
7. The status of repair and funding efforts for each of these projects is summarized below:

Carnegie Library

- Repair Plans are complete and ready to go out to bid.
- Environmental clearance has been received through the State Office of Historical Preservation – with no special historical finishes being required as mitigation. However, historical finishes such as slate roof and copper gutters have been included as “bid alternatives.”
- Total estimated cost of repairs (including contingencies and “betterments” for historical finishes) is \$1.9 million.

- FEMA has written a Project Worksheet (PW) for \$1.5 million in funding of repairs. The disparity in FEMA's funding commitment is that it does not cover contingencies (if any) or historical betterments costs that are reflected in the City's estimate.
- The City anticipates that contingency costs (if any) will ultimately be covered by FEMA based on the line-item bid package format being used.
- The historical finishes (betterments such as slate roof and copper flashings/gutters) are estimated to be approximately \$270,000. This amount may fluctuate when actual bids are received, and it will be to the Councils' discretion prior to award of bid, whether these optional items should be incorporated into the project.
- Out of a \$1.9 million budget, it is estimated that less than 2% of the project costs (approximately \$37,000) of work scope may be appealable to FEMA on a potential code related basis.
- The deadline to file an appeal of the Carnegie Library FEMA Project Worksheet (PW) is May 9, 2007. Prior to that deadline, working in conjunction with Kermani Consulting Group (the City's earthquake recovery consultant), the PW will be analyzed to confirm the cost of uncovered work items in relation to their appeal potential.
- Repairs could start as early as September 2007. Construction is expected to last 14 – 18 months, with completion as early as year end 2008.

Sulfur Spring

- The sulfur spring is still flowing to the Salinas River at approximately 140 gallons per minute(gpm).
- The City has identified a simple repair and water disposal solution that is supported by the State Regional Water Quality Control Board. The disposal repair will involve the continued piping of the sulfur spring water to the river, at which point it will be dispersed into the river's underflow via a percolation system (underground leach system).
- The project is currently navigating the federal environmental review process, which involves consultation with both the U.S. Fish and Wildlife Service and National Marine Fisheries staff.
- Final project design and/or repairs cannot begin until environmental clearances can be obtained. Similarly, FEMA will not commit to funding the repairs until the federal environmental agencies have provided their approval. However, all indications are that the City's described project will qualify for FEMA funding.
- Once environmental clearances are obtained, the City intends to phase the construction of the repairs so that the Parking Lot will be repaired in phase one. Phase two, which is anticipated to have a greater lead time for obtaining agency easements and permits, will consist of the permanent disposal system for the water to the river.

- Best case estimates would place the start of work for Phase one (parking repairs) in an 18 – 24 month window. Phase two (disposal system) would likely trail by an additional 6 – 12 months.

Analysis &
Conclusion:

There is good progress to report on the Carnegie Library repair with a bid schedule in place and repairs likely to start in the next 4 months. While the funding for the Carnegie repair has been a significant challenge, the federal commitment has increased from \$385,000 to \$1.5 million through Congressional assistance. Once bids are received, the City Council will have the opportunity to determine whether to locally fund the estimated \$270,000 in historical finishes (shown as bid alternatives). The remaining unfunded code related repairs (estimated at approximately \$37,000) will be analyzed for net appeal potential.

There are significant challenges remaining for the Sulfur Spring repair, including procurement of federal environmental agency clearances and federal funding commitments. FEMA has cleared the way for the City to begin negotiating easements with both Caltrans and Union Pacific Railroad to facilitate the installation of piping from the parking lot to the Salinas River – affording progress on the tasks with the greatest amount of lead time. The funding commitment discussions will follow the completion of the environmental clearances, where to date, there has been strong indication by FEMA to support the City identified repair and disposal method.

Fiscal
Impact:

Council direction has been to continue the pursuit of federal dollars for these repairs via the prescribed FEMA processes. In the case of the Carnegie, total project cost (including contingencies and the optional historic finishes) is estimated at \$1.9 million. FEMA has indicated they will fund \$1.5 million of those repairs (excluding project contingency costs, approximately \$270,000 in historic finishes, and approximately \$37,000 in potential code related items). The City anticipates that contingency costs (if any) will ultimately be covered by FEMA based on the line-item bid package format being used. The historical finishes will be optional for the Council to incorporate into the project. Therefore, out of a \$1.9 million budget, only approximately \$37,000 is potentially appealable to FEMA. It is anticipated that the administrative and consultant costs associated with filing and tracking an appeal will diminish the financial return by nearly one third – (expenditure of about \$12,000 – netting a \$27,000 return). In the context of a \$1.9 million project, the unfunded return would represent less than two percent. The net appeal potential will be analyzed prior to the appeal deadline.

Options:

- a. That the Council receive and file the Earthquake Repair Status report – acknowledging that further analysis of unfunded Carnegie repairs will be conducted by the deadline of May 9, 2007;
- b. Amend, modify, or reject the above option.