

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

702



FROM: TLMA - Transportation Dept.

SUBMITTAL DATE:

April 24, 2006

SUBJECT: Report on the status of road repairs and financial considerations related to the 2004/2005 Winter Storm Damage.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Direct the Executive Office to work with the Transportation Department to structure a General Fund loan in the amount of \$6,200,000 to cover the advanced repair costs until Federal reimbursement can repay the loan (loan terms specified in background information);
2. Receive and file the attached report regarding the 2004/2005 road storm damage;
3. Direct the Transportation Department to proceed with the remaining repair and restoration work related to the 2004/2005 winter storm damage; and
4. Direct the Riverside County Office of Emergency Services and the Transportation Department to continue to cooperatively pursue reimbursement from the Federal Emergency Management Agency (FEMA), the Federal Highway Administration (FHWA) and the State Office of Emergency Services (State OES).

Departmental Concurrence

(continued)


George A. Johnson
Director of Transportation

FINANCIAL DATA	FY 05/06 & FY 06/07 Total Cost:	\$ 6,200,000	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 6,200,000	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	05/06 & 06/07

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature



- Dep't Recomm.: Consent
- Per Exec. Ofc.: Consent
- Policy
- Policy

Prev. Agn. Ref.:

District: All

Agenda Number:

3.26

BACKGROUND: Riverside County was inundated with record rainfall during the winter of 2004/2005 and was declared an emergency disaster area by the State and Federal governments as a result of two major storm events that occurred between December 27, 2004 and January 11, 2005 and between February 16, 2005 and February 23, 2005. The County roads received significant storm damage and the Transportation Department has worked diligently to repair and restore the roads damaged by these storms.

The total expected cost for road damage by these storms is estimated at \$12,500,000 and is calculated as follow.

Transportation Department Expenditures to date	\$4,500,000
Estimate of Remaining Work	<u>\$8,000,000</u>
Total Projected Cost of Storm Damage	\$12,500,000

As a result of the Federal declaration of emergency, County maintained roads damaged in the storms are eligible for reimbursement from either the Federal Emergency Management Agency (FEMA) or the Federal Highway Administration (FHWA).

The process for obtaining reimbursement from FEMA and FHWA is both complex and time consuming. Past experience shows it can take up to 5 years or more to obtain reimbursement from these Federal Agencies. Due to the extended length of time anticipated to secure reimbursement, the Transportation Department is requesting a loan from the County General Fund in the amount of \$6,200,000 to pay for the remaining Permanent Restoration work. To date, the Department has incurred \$ 4.5 Million in storm damage costs and has received only \$176,265 in reimbursement from FEMA.

The Department has met with the County Executive Office to explore the possibility of a loan from the General Fund, so that work can be completed on storm damaged roads. The loan amount represented (\$6.2 Million) is illustrated immediately below and also in more detail in the attachment to this Board request:

Road Fund Reserve Balance prior to Storms	\$11,096,855
Total Projected Storm Damage Expenditures	- <u>\$12,500,000</u>
	- \$1,403,145
Minimum Operating Road Fund Balance	- \$5,000,000
FEMA Reimbursement to Date	<u>+\$176,265</u>
Requested General Fund Loan Amount	\$6,200,000

The Transportation Department will pay back the General Fund loan as reimbursement flows back from FEMA and FHWA. The Operating Reserve Road Fund balance can act as collateral to the General Fund loan until Federal reimbursement is secured. The Transportation Department proposes that funds received from the General Fund loan be provided, as needed, as Board approved storm damage construction contracts are invoiced on a per project basis, with each project loan having a 2-year loan term with an option to extend the loan for an additional year.

The Department anticipates that all necessary General Funds would be borrowed over the next 12 to 18 months, in a manner akin to a line of credit, as storm damage contractor invoices are submitted for payment. The Transportation Department would fully repay the General Fund for the funds borrowed, on a per project basis, including interest earned based at the General Fund investment pool market rate.

Efforts to complete this work continues, however, completion has been hampered by processing delays and a lack of available Federal Disaster funds necessary to pay for the work. The Transportation Department and Office of Emergency Services are working cooperatively to resolve the issues, however, it was deemed prudent to advise the Board of Supervisor's of the relevant issues and current status of this effort.

REPORT ON ROAD REPAIRS AND FINANCIAL CONSIDERATIONS RELATED TO THE 2004/2005 WINTER STORM DAMAGE.

As a result of the Federal declaration of emergency, FHWA is responsible for funding the repair and restoration work for storm damage on roads identified under a Federal functional classification system, which includes primarily regionally significant arterial type roads. FEMA is responsible for funding the repair and restoration of County maintained roads that do not meet the Federal classification requirements, typically local type roads. Repair and restoration work funded by the two agencies is categorized in two groups, 1) work needed to keep a road open to traffic (Emergency Opening) and 2) work needed to permanently restore the damage caused to the road or to protect the road from further similar damage (Permanent Restoration). Work classified as Emergency Opening has been completed by the County and the costs have been born by the Transportation Department pending reimbursement. Work classified as Permanent Restoration is pending construction with the exception of a few minor projects where the work has been completed.

The Transportation Department has built a reserve balance for emergencies and unanticipated expenses such as these. The account fund balance prior to the storm damage was \$11,096,855 and has been reduced to \$6,596,855 as a result of expenses incurred to date. The estimate of remaining work at \$8,000,000 is more than the remaining balance and would deplete the account. The Transportation Department built these funds in a proactive effort to handle emergency events and has a need to maintain a reasonable balance for future unanticipated expenses. The Transportation Department has established \$5,000,000 as the minimum target amount for the reserve balance to maintain a positive cash flow and cover unanticipated emergency expenses.

The Transportation Departments Emergency Opening efforts have resulted in keeping the roads open to traffic except for two roads that experienced significant damage. Pauba Road from Highway 79 South to Los Caballos Road and Bridge Street across the San Jacinto River will remain closed until the Permanent Restoration efforts can repair the roads.

The Transportation Department had developed a strategy to draw down on the road fund reserve over a 3 year period. The plan was to program \$2,000,000 per year for 3 years into the Transportation Improvement Program, resulting in additional roads to be resurfaced. This would have helped to somewhat offset the suspension of Proposition 42 funds. The draw on fund balance, to cover storm damage expenses, will eliminate the additional resurfacing projects we intended to add to the TIP

Brief summaries of the Emergency Opening and Permanent Restoration status for both FHWA and FEMA are provided below and on the following pages.

FHWA - Emergency Opening

Caltrans is acting as the processing agent for all work reimbursable by FHWA. All Emergency Opening work has been completed and appropriate funding applications have been processed through Caltrans. Reimbursement of County expenditures is still pending.

Cost of Emergency Opening work	\$3,146,366
Amount approved by FHWA & pending reimbursement	\$2,806,300

Note: \$340,066 in costs for work on Federally eligible roads totaling less than \$5,000 per individual road has been denied. This classification of work has historically been approved and

paid for by FEMA and no explanation has been provided for the change in policy. As a result of the FEMA denial, this work was submitted to FHWA who has also denied the application. It is the Transportation Departments understanding that FHWA and FEMA are in discussions regarding the responsibility of each agency for reimbursement of these costs.

FHWA - Permanent Restoration

Permanent restoration funding has been programmed for the following six road segments:

De Luz Road: Rancho California Rd to San Diego County Line
Old Elsinore Road: 600' n'ly of Aloha to San Jacinto
Rancho California Road: Temecula City Limits to De Luz Rd
Riverview Drive: Peralta to Avenue Juan Diaz
San Jacinto Road: Old Elsinore Rd to Perris City Limits
Scott Road: At various locations

Construction of these improvements is pending approval of the environmental documentation by Caltrans, completion of plans, specifications and estimates by the County and authorization to proceed with construction by Caltrans. Schedules for the construction of these improvements are attached as Exhibit "B" and are dependent on Federal funding authorization.

Estimate of Permanent Restoration work	\$4,442,450
Eligible Reimbursement (from FHWA @ 88.53%)	\$3,932,900
Eligible Reimbursement Match (from State OES @ 11.47% x 75%)	\$382,162

FEMA - Emergency Opening

Again, all Emergency Opening work has been completed. FEMA only provides reimbursement for Emergency Opening work billed as overtime and consequently accounts for a small portion of the overall cost of this work.

Cost of Emergency Opening work	\$1,240,262
County Estimate of Eligible Reimbursement (FEMA @ 75% of OT)	\$370,927
Eligible Reimbursement Match (from State OES @ 25% of OT x 75%)	\$92,731
Amount Reimbursed to date (FEMA)	\$176,265
Remaining Reimbursement (FEMA)	\$194,662
Non Reimbursable Costs (County Road Fund)	\$776,598

FEMA - Permanent Restoration

Permanent Restoration funding has been approved for the following 9 roads:

Clinton Keith Road: 800' S/Ave La Cresta to 1.2 mi @ Tenaja
Tenaja Road: Clinton Keith Rd to Sierra Elena Rd
Murrieta Area: Various Locations
Quail Valley Roads: Various Locations
Bridge Street: Gilman Springs Rd to Ramona Expressway
Pauba Road: Various Locations
Olive & Patterson
Whitewater @ Various Locations
Reche Vista @ 0.4 miles north of the intersection

Permanent Restoration cost estimate:

Estimate of Permanent Restoration work	\$3,645,976
County Estimate of Eligible Reimbursement (FEMA @ 75%)	\$2,734,482
Eligible Reimbursement Match (from State OES @ 25% x 75%)	\$683,621

Construction of these improvements has been delayed pending resolution of various FEMA related issues as described below.

- **Inability to initiate process with FEMA**

Projects eligible for reimbursement have been classified into two groups based on the two separate storm events described above. The processing of funding authorization for projects damaged in the first storm have proceeded, however, the Transportation Department was unable to initiate the processing of funding approvals for roads damaged in the second storm until recently. The inability to initiate this process was in part the result of a disagreement with FEMA over the processing of the application paperwork. All of the above listed Permanent Restoration projects are in the second storm group of applications and have been delayed by this issue.

- **FEMA rejection of damage less than \$5,000**

As discussed previously, FEMA has historically reimbursed local agencies for damages incurred on FHWA roads when the damage was less than \$5,000. FEMA has denied funding for all roads submitted under this category. Total cost of work in this category was \$340,066.

- **Inaccurate estimating by FEMA personnel.**

The County Transportation Department and FEMA have not concurred on the cost estimates to complete the work. It is the Transportation Department's opinion that some repair estimates compiled by FEMA personnel substantially under estimate the cost to provide the repairs. On the Bridge Street project for example, the Transportation Department calculated the reimbursement amount at approximately \$1.2 million and the amount approved by FEMA is just over \$256,900.

The shortfall in approved funding for both Emergency Opening and Permanent Restoration is determined by the Transportation Department to be \$2,068,867 and is calculated as follows.

County Estimate of Eligible Reimbursement (EO & Perm.)	\$3,881,761
Amount Recommended for Approval by FEMA Staff	- <u>\$2,152,960</u>
Difference	\$1,728,801
Additional amount denied for road damage < \$5,000	+ <u>\$340,066</u>
Total	\$2,068,867

County Transportation staff is working with FEMA staff to reconsider the original funding requests and resolution of this issue is pending.

In Summary

The Transportation Department has expended \$4,500,000 in costs associated with the repair and restoration of damaged roads. Current estimates indicate that an additional \$8,000,000 will be required to complete the repair and restoration for a total cost of \$12,500,000. Based on estimates prepared by the Transportation Department, the County should be eligible for \$3,711,252 for work completed to date and \$7,631,938 for work remaining to be complete. These reimbursements are entitled from FEMA, FHWA and the State Office of Emergency Services. The total reimbursement the County should be entitled from these agencies is \$11,343,190. The Transportation Department has received \$176,265 in reimbursements to date. A Financial Overview Summary Report is attached (Exhibit "A") that provides a more detailed overview of the cost estimates and financial responsibilities.

Expended to date	\$4,500,000
Estimate to complete	<u>\$8,000,000</u>
Total cost	\$12,500,000
Estimated total reimbursements	\$11,343,190
Reimbursed to date	<u>\$176,265</u>
Remaining to be reimbursed	\$11,166,925

2004/2005 ROADWAY STORM DAMAGE

FINANCIAL OVERVIEW

DESCRIPTION	FEMA	FHWA	TOTAL	COMMENTS
STORM DAMAGE COST ESTIMATE				
A Emergency Opening (Actual Cost)	\$ 1,240,261.59	\$ 3,146,366.00	\$ 4,386,627.59	
B Permanent Restoration (Estimated Cost)	\$ 3,645,976.42	\$ 4,442,450.00	\$ 8,088,426.42	
C Subtotal (A + B)	\$ 4,886,238.00	\$ 7,588,816.00	\$ 12,475,054.00	
COUNTY ESTIMATED REIMBURSABLE EXPENSES				
D County Estimate of Emergency Opening Reimbursables	\$ 370,926.53	\$ 3,146,366.00	\$ 3,517,292.53	FEMA - reimbursable at 75% only for emergency opening overtime work FHWA - reimbursable at 100%
E Emergency Opening match from State OES	\$ 92,731.63	\$ -	\$ 92,731.63	FEMA - State OES will provide 75% of the 25% local match
F County Estimate of Permanent Restoration Reimbursables	\$ 2,734,482.31	\$ 3,932,900.99	\$ 6,667,383.30	FEMA - reimbursable at 75% FHWA - reimbursable at 88.53%
G Permanent Restoration match from State OES	\$ 683,620.58	\$ 382,161.76	\$ 1,065,782.34	FEMA - State OES will provide 75% of the 25% local match FHWA - State OES will provide 75% of the 11.47% local match
H Subtotal (D to G)	\$ 3,881,761.05	\$ 7,461,428.75	\$ 11,343,189.79	
REIMBURSABLE EXPENSES RECOMMENDED FOR APPROVAL BY FEI				
I Amounts Recommended by FEMA & FHWA staff	\$ 1,722,368.28	\$ 6,739,200.99	\$ 8,461,569.27	FEMA approved funds in excess of the eligible costs on some projects, however, the approved amounts were reduced to the max. estimated reimbursable in order to more accurately determine the difference in the amount the Trans Dept. determined it's entitled and the amount FEMA approved.
J Match from State OES	\$ 430,592.07	\$ 382,161.76	\$ 812,753.83	
K Subtotal (I + J)	\$ 2,152,960.35	\$ 7,121,362.75	\$ 9,274,323.10	
REIMBURSABLE EXPENSES NOT APPROVED BY FEMA & FHWA				
L Difference (H - K)	\$ 1,728,800.69	\$ 340,066.00	\$ 2,068,866.69	A cost benefit analysis is being performed for the \$943,100 difference on Bridge St. Appeals will be submitted for the additional funds on the remaining projects. Unapproved FHWA funding is for work less than \$5,000 per road segment.
TRANSPORTATION OUT OF POCKET EXPENSES TO DATE				
M Emergency Opening (to Date)	\$ 1,240,261.59	\$ 3,146,366.00	\$ 4,386,627.59	Includes all Emergency Opening costs
N Permanent Restoration (to Date)	\$ 107,976.42	\$ -	\$ 107,976.42	Reche Vista, Whitewater and Olive & Paterson
O Subtotal (M + N)	\$ 1,348,238.00	\$ 3,146,366.00	\$ 4,494,604.00	Trans Department total expenditures to date
P Reimbursed by FEMA & FHWA (to Date)	\$ 176,265.00	\$ -	\$ 176,265.00	
Q Difference (O - P)	\$ 1,171,973.00	\$ 3,146,366.00	\$ 4,318,339.00	Transportation Department net out of pocket expenses.
REIMBURSEMENT STATUS				
R County Estimate of Emergency Opening Reimbursables (to Date)	\$ 370,926.53	\$ 3,146,366.00	\$ 3,517,292.53	FEMA - reimbursable at 75% only for emergency opening overtime work FHWA - reimbursable at 100%
S Emergency Opening match from State OES (to Date)	\$ 92,731.63	\$ -	\$ 92,731.63	FEMA - State OES will provide 75% of the 25% local match
T County Estimate of Permanent Restoration Reimbursables (to Date)	\$ 80,982.31	\$ -	\$ 80,982.31	FEMA - reimbursable at 75% (Reche Vista, Whitewater and Olive & Paterson)
U Permanent Restoration match from State OES (to Date)	\$ 20,245.58	\$ -	\$ 20,245.58	FEMA - State OES will provide 75% of the 25% local match FHWA - State OES will provide 75% of the 11.47% local match
V Subtotal (R to U)	\$ 564,886.05	\$ 3,146,366.00	\$ 3,711,252.05	
W Reimbursed by FEMA & FHWA (to Date)	\$ 176,265.00	\$ -	\$ 176,265.00	
X Difference (V - W)	\$ 388,621.05	\$ 3,146,366.00	\$ 3,534,987.05	Transportation Department pending payment by FEMA, FHWA & State OES
REMAINING WORK				
Y Permanent Restoration (Estimated Cost) (Remaining)	\$ 3,538,000.00	\$ 4,442,450.00	\$ 7,980,450.00	Cost for remaining work to be completed
Z County Estimate of Permanent Restoration Reimbursables (Remaining)	\$ 2,653,500.00	\$ 3,932,900.99	\$ 6,586,400.99	
AA Permanent Restoration match from State OES (Remaining)	\$ 663,375.00	\$ 382,161.76	\$ 1,045,536.76	
AB Remaining Reimbursable (Z + AA)	\$ 3,316,875.00	\$ 4,315,062.75	\$ 7,631,937.75	Amount of anticipated reimbursement for remaining work to be completed.

EXHIBIT B

2004/2005 ROADWAY STORM DAMAGE

PERMANENT RESTORATION PROJECT SCHEDULES

ROAD	PERMANENT RESTORATION ESTIMATES	BEGIN CONSTRUCTION
FHWA		
De Luz Road: Rancho California Rd to San Diego County Line	\$ 1,069,500	Oct 06
Old Elsinore Road: 600' n'ly of Aloha to San Jacinto	\$ 808,450	Sep 06
Rancho California Road: Temecula City Limits to De Luz Rd	\$ 1,150,000	Oct 06
Riverview Drive: Peralta to Avenue Juan Diaz	\$ 92,000	Sep 06
San Jacinto Road: Old Elsinore Rd to Perris City Limits	\$ 517,500	Sep 06
Scott Road: At various locations	\$ 805,000	Sep 06
TOTAL:	\$ 4,442,450	

FEIMA		
Clinton Keith Road: 800' S/Ave La Cresta to 1.2 mi @ Tenaja	\$ 152,000	Aug 06
Tenaja Road: Clinton Keith Rd to Sierra Elena Rd	\$ 244,000	Aug 06
Murrieta Roads: Various Locations	\$ 214,000	Jul 06
Quail Valley Roads: Various Locations	\$ 528,000	Aug 06
Bridge St.: Gilman Springs Rd to Ramona Expressway	\$ 1,100,000	Jul 06
Pauba rd: Various Locations	\$ 1,300,000	Jul 06
Olive & Patterson	\$ 30,082	Complete
Whitewater @ Various Locations	\$ 15,894	Complete
Reche Vista @ 0.4 miles north of the intersection	\$ 62,000	Complete
TOTAL:	\$ 3,538,000	
GRAND TOTAL:	\$ 7,980,450	