

DATE ISSUED: March 26, 2004

REPORT NO. 04-067

ATTENTION: Honorable Mayor and City Council

SUBJECT: Update on the Costs and Reimbursement for the October 2003 Cedar Fire

SUMMARY

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE CITY COUNCIL.

BACKGROUND

On the evening of Saturday, October 25, 2003, a fire began that would ultimately burn out of control causing the worst firestorm in State history. The Cedar Fire burned 28,676 acres, destroyed 335 structures and damaged another 71 structures in the City of San Diego. The City's public safety personnel mobilized quickly and were able to save a total of 1,622 housing units with a value of \$515 million.

During the week immediately following the fires, City representatives met with officials from the Federal Emergency Management Agency (FEMA) and the Governor's Office of Emergency Services (OES) to start the reimbursement process for expenses incurred by the City fighting the fire and the short and long term recovery of areas impacted by the fire.

DISCUSSION

Disaster Declaration and Reimbursement Process Overview

When a disaster occurs and a locality such as the City of San Diego responds, and the magnitude of the damage overwhelms the locality, a request can be made to the State for aid. The Governor, after examining the situation, may direct that the State's resources be used, or may determine that the situation is beyond the capabilities of the locality and State resources. If this determination is made, the Governor will place a request to the federal government for assistance. Based on information received from the State, the President of the United States can declare that an emergency or major

disaster exists. On October 27, 2003, the President of the United States determined that the damage in certain areas of the State of California resulting from wildfires was of sufficient severity and magnitude to warrant a major disaster declaration in order to provide federal assistance. In addition, on January 16, 2004, the major disaster declaration issued for the Southern California wildfires on October 27 was amended to include damage from floods, mudflows and debris flows directly related to the wildfires.

Immediately following a declaration of disaster, the impacted agency has 30 days to submit a Request for Disaster Assistance to FEMA to initiate the grant process. On November 21, 2003, the City submitted to FEMA and OES a comprehensive Preliminary Damage Assessment (PDA) totaling approximately \$16 million, which included an estimate of future preventive measures as well as a rough estimate of actual current expenditures. Some of the expenses incurred by City departments included costs associated with fighting the fire and damage to City property. In addition, the \$16 million estimate included \$7.3 million for planned brush management in open space areas for fire prevention. Subsequently, the \$7.3 million was determined to be ineligible for FEMA reimbursement. The \$7.3 million has not been expended at this time and the City is in the process of pursuing other funding sources.

After the submission of the Request for Assistance and the PDA, Project officers from FEMA and OES were assigned to work with City departments to refine requests and determine eligibility for reimbursement. Once City expenditures were updated based on more complete data and future brush management plans were discounted by FEMA, a more accurate assessment reflected the actual impact of the fire to be approximately \$6.3 million. The \$6.3 million reflects actual expenditures and does not include lost revenue, fee waivers of \$1.0 million from the Development Services Department, or waived tipping fees.

If requests for assistance are approved by FEMA's regional auditing office in Pasadena and the State OES, funds will be distributed from the federal government, to the State of California, and then to the City of San Diego. The federal share is generally 75 percent of eligible costs. The remaining 25 percent is the responsibility of the State and local government. The current formula for the remaining 25 percent includes the State's share of 18.75 percent and the City's of 6.25 percent. However, State Senator Nell Soto from Ontario has introduced SB 438 requesting the State reimburse the full 25 percent of reimbursement costs not covered by FEMA. If this bill is successful, the City of San Diego would receive 100 percent of the total costs submitted and approved for reimbursement. SB 438 has the support of both the OES and the Franchise Tax Board. On March 22, 2004 SB 438 was passed by the Assembly's Revenue and Taxation Committee. The bill will be heard next in the Assembly's Appropriations Committee. The hearing date is pending.

Disaster related expense eligibility

Eligibility for reimbursement of disaster related expenses from FEMA is based on three general criteria: the work must be required as a direct result of the disaster; it must be within the designated disaster area; and it must be the legal responsibility of the applicant (City of San Diego). More specific criteria for funding requires that the work performed must eliminate immediate threats to lives, public health and safety, and eliminate immediate threats of significant damage to public or private property. FEMA does not guarantee all work performed by the applicant in response to the disaster will be eligible for reimbursement.

To facilitate the processing of public assistance grants, FEMA has divided disaster-related work into seven categories. These categories are divided into emergency work and permanent work as shown in the following table:

Category		Type of Work
Emergency Work:	A	Debris Removal
	B	Emergency Protective Measures
Permanent Work:	C	Roads and Bridges
	D	Water Control Facilities
	E	Buildings and Equipment
	F	Utilities
	G	Parks, Recreational Facilities, and Other Items

The majority of requests for reimbursement to FEMA by the City falls into the Debris Removal (Category A) and Emergency Protective Measures (Category B) categories. For work that falls into the Emergency Work Category, only overtime labor is eligible for employees, regardless of normal duties or assignments. Both regular time and overtime are eligible for reimbursement in the Permanent Work Categories.

There are several expenses that are not eligible for reimbursement. These include:

- Lost revenues
- Overhead
- Insurance proceeds and salvage values
- Normal operating costs
- The replacement of trees, shrubs and other ground cover. This applies to recreation areas as well as public facilities such as medians strips and landscaping for public buildings. Grass and sod are only eligible to stabilize slopes.

After the initial submission of requests for reimbursement, City departments have worked closely with FEMA and OES Project Managers to determine eligibility of expenses and refine the initial project worksheets submitted in November. The following describes the status of ongoing reimbursement requests by department or activity as of March 16, 2004. These requests include cost estimates and are still subject to audit and approval from FEMA and OES.

Development Services Department

Original Estimate as of November 20, 2003: \$1,159,984

Revised Estimate: \$271,140

Status: Supporting documentation has been submitted to FEMA and State OES

The original estimate for fire-related expenses for the Development Services Department included both the regular personnel and overtime costs for damage assessment teams, researching of permit records and public information outreach activities. The revised estimate of \$271,140 includes the estimated staff time for issuance of permits for which building permit fees have been waived.

An estimated \$1 million of the original estimate submitted to FEMA was for waived permit fees for the rebuilding of fire damaged/destroyed homes. The estimated \$1 million (\$450,000 in Fiscal Year 2004, \$550,000 in Fiscal Year 2005) included costs associated with fire reconstruction building permits and building demolition permits for 327 destroyed homes, 61 damaged homes, 15 commercial structures destroyed and one commercial structure damaged. Permit fees are considered forms of revenue and are not eligible under FEMA guidelines. The City is currently in the process of appealing this decision. If our appeals are unsuccessful, the waived building fees will require reimbursement by the General Fund or other sources.

Engineering and Capital Projects

Original Estimate as of November 20, 2003: \$450,012

Revised Estimate: \$1,208,044

Status: The department is in the process of submitting documentation to FEMA and the State OES for reimbursement of fire related expenses.

The original estimate for fire-related expenses for the Engineering and Capital Projects Department was \$450,012. This figure included: replacement of vegetation destroyed by the fire, mitigation planning and application of erosion and sediment control measures at twenty sites in Scripps Ranch, eight sites in Tierrasanta, and twenty-six sites in Mission Trails Regional Park. The revised estimate includes an increase of \$758,032 in personnel and non-personnel expenses associated with erosion control and sediment control. The addition to the reimbursement request is due to an increase in hydro mulch application rates and the need for services such as fence rental and security for the distribution and material storage at sites that were not included in the original estimate.

Environmental Services

Original Estimate as of November 20, 2003: \$1,724,100

Revised Estimate: \$536,723

Status: Supporting documentation has been submitted to FEMA and State OES

The original estimate for fire-related expenses for the Environmental Services Department was \$1,724,100. The revised estimate includes \$536,723 in personnel and non-personnel expenses that have been submitted to FEMA for reimbursement. The original estimate included \$1.5 million (\$600,000 Refuse Disposal Fund, \$600,000 Recycling Fund, and \$300,000 Solid Waste Collection Fees) for waived tipping fees at the Miramar landfill and other waived recycling fees for debris

removed from fire damaged/destroyed homes. The Environmental Services Department revised this estimate to \$874,000 in February based on information indicating that fewer residents would require waived fees. FEMA has informed the City that tipping and recycling fees are considered forms of revenue and are ineligible for reimbursement. The City is currently in the process of appealing this decision. If our appeals are unsuccessful, these waived fees will require reimbursement by the General Fund or other sources.

Park and Recreation

Original Estimate as of November 20, 2003: \$8,736,196

Revised Estimate: \$760,742

Status: Supporting documentation has been submitted to FEMA and State OES

The original estimate for fire-related expenses for the Park and Recreation Department included \$7,300,000 for open space brush management mitigation. This is considered a mitigation measure and FEMA has declared it ineligible for disaster relief. Section 404 of the Stafford Act established a Hazard Mitigation Grants Program (HMGP) that is administered by FEMA to provide funding to state and local governments that institute long-term hazard mitigation measures after a major disaster. The HMGP provides up to 75 percent of funding for hazard mitigation measures to support cost-effective measures to reduce the risk of damage and human suffering from future disasters. Due to the severity of the fire, an HMGP has been established in the amount of \$14 million dollars for the five Southern California counties impacted by the fire. The Park and Recreation Department submitted a Notice of Interest on January 15, 2004 for \$5.0 million and will be submitting a full grant application by the deadline of April 2, 2004. The City's required 25 percent match (\$1.3 million) will be funded by a combination of the General Fund, Environmental Growth Fund, and Park and Recreation Grant Match Funding.

Revised estimates include \$760,742 in personnel and non-personnel expenses including replacement of fencing, signs, trash cans and debris removal on City property. Included in the \$760,742 is \$485,399 for removal of trees in areas impacted by the fire. The \$485,399 includes \$242,000 expended by the Scripps-Miramar Maintenance Assessment District to remove impacted trees on City property in the Scripps Ranch area. Currently, City staff is working to identify available funding sources to reimburse the Scripps-Miramar Maintenance Assessment District.

San Diego Police Department

Original Estimate as of November 20, 2003: \$835,139

Revised Estimate: \$686,125

Status: On February 12, 2004, \$328,250 was received from FEMA to reimburse the City for overtime costs associated with fighting the fire. In addition, on March 12, 2004 the City received \$87,657 from the State OES for overtime and administration costs associated with fighting the fire. Supporting documentation for the additional \$270,218 in remaining requests has been submitted to FEMA and State OES.

The revised estimate includes \$608,244 in personnel and \$77,881 in non-personnel expenses. The Police Department provided services including evacuation/rescue, traffic control, animal rescue, accident control, fire scene security, firefighting assistance, Command Post staffing, and Department Operations Center staffing during the fire.

Qualcomm Stadium

Original Estimate as of November 20, 2003: \$27,250

Revised Estimate: \$26,438

Status: Supporting documentation has been submitted to FEMA and State OES

Qualcomm Stadium was used as an evacuation center for victims of the fire from Sunday, October 26 through Tuesday, October 28. Evacuees were able to obtain food, blankets, and clothing donated from several San Diego companies. The revised estimate includes \$26,438 for personnel and non-personnel expenses associated with the evacuation center.

As a result of the fire and evacuation center, the Monday Night Football game scheduled between the San Diego Chargers and the Miami Dolphins was relocated to Phoenix, Arizona. This resulted in an estimated loss of \$700,000 in revenue to the Qualcomm Stadium Enterprise Fund. A business interruption claim has been filed with the City's insurance company to recoup the loss of revenue.

San Diego Fire-Rescue Department

Original Estimate as of November 20, 2003: \$971,964

Revised Estimate: \$978,771

State Mutual Aid Reimbursement Estimate: \$601,000

Status: On February 12, 2004, \$404,250 was received from FEMA to reimburse the City for overtime costs associated with fighting the fire. In addition, on March 12, 2004 the City received \$108,282 from the State OES for overtime and administration costs associated with fighting the fire. Supporting documentation for the remaining request of \$466,239 has been submitted to FEMA and State OES.

The revised estimate includes \$775,679 in personnel and \$203,092 in non-personnel costs. In addition, the Fire-Rescue Department has submitted \$601,000 of costs directly to the State for Mutual Aid Reimbursement under the Mutual Aid Agreement. The Mutual Aid Agreement provides for fire protection in federal and State responsibility lands and the exchange of apparatus/personnel/resources throughout the State. Work performed by the Fire-Rescue

Department encompassed protection of life and property while fighting the fire; providing food, water, and other supplies to firefighters on site; fuel delivery; transportation of supplies to the fire sites; and coordination of communications between firefighters, emergency medical staff, evacuees, and other agencies involved in fighting the fire.

San Diego Medical Services Enterprises

Original Estimate as of November 20, 2003: \$166,040

Revised Estimate: Original estimate was not revised

Status: Supporting documentation has been submitted to FEMA and State OES

The original estimate for San Diego Medical Services Enterprises (SDMSE) was \$166,040 and was not revised. SDMSE treated burns and smoke inhalation, dispensed medicine and medical supplies, transported fire victims to medical facilities, and participated in the emergency communications effort. If reimbursed, the money for these costs will be deposited into the General Fund, which will pay the invoice to the Medical Services Enterprise Fund.

Transportation

Original Estimate as of November 20, 2003: \$268,500

Revised Estimate: \$135,778

Status: Supporting documentation has been submitted to FEMA and State OES

The revised estimate includes \$135,778 in personnel and non-personnel costs. The Transportation Department provided services such as: the replacement of 6,200 feet of guardrail, 62 traffic and street name signs, and 3 streetlights; 40 right-of-way trees were removed for safety purposes; 8 street sweepers removed 80 cubic yards of ash debris; 15,000 sandbags were purchased and provided to residents for erosion protection; and 82 storm drain inlets were protected from debris by sandbagging and fabric filters.

Water

Original Estimate as of November 20, 2003: \$837,535

Revised Estimate: \$813,649

Status: The department is in the process of submitting documentation to FEMA and the State OES for reimbursement of fire related expenses.

The revised estimate includes \$813,649 in personnel and non-personnel costs. The Water Department suffered damages and complete loss of Reservoir Keeper residences and equipment such as ladders, sledgehammers, shovels, etc., at the El Capitan and San Vicente Reservoirs. The Department has also been providing watershed protection at several reservoirs due to the fire.

Miscellaneous Departments

Original Estimate as of November 20, 2003: \$251,567

Revised Estimate: \$180,556

Status: Supporting documentation has been submitted to FEMA and State OES

The revised estimate includes \$180,556 for personnel and non-personnel expenses for the following departments: General Services, Information Technology and Communications, and Metropolitan Wastewater. Services provided by these departments included heavy equipment and communications support to firefighters on the fire lines.

Scripps Ranch Local Assistance Center (LAC)

Original Estimate as of November 20, 2003: \$181,308

Revised Estimate: \$530,904

Status: Supporting documentation has been submitted to FEMA and State OES

At the direction of the Mayor and Council Districts 5 and 7, in joint cooperation with FEMA, the City opened the LAC on October 29, 2003 as a “one stop shop” for the victims of the fire. It was the first center in the county and was available for all victims of the firestorm. Representatives from FEMA, OES, the County of San Diego, and the City were on hand to assist the victims with information or provide services as needed. The original estimate for fire-related expenses for the LAC was \$181,308. The revised estimate included \$530,904 of personnel (regular and overtime) and non-personnel expenses which has been submitted to FEMA for reimbursement. In early March, FEMA informed the City that LAC costs are ineligible for reimbursement. The City is currently in the process of appealing this decision.

Departments and programs that contributed to the LAC include: Community and Economic Development, the Community Service Centers, Department of Homeland Security, Development Services, Environmental Services, San Diego Fire-Rescue, Information Technology and Communications, Financial Management, Library, Metropolitan Wastewater, Park and Recreation, Planning, Police, and Water. Center operations were completed on January 9, 2004. FEMA representatives commended the City for the outstanding job that was done in assisting the victims of the fire.

Erosion/Sediment Control/ Watershed

Engineering and Capital Projects, Environmental Services, Park and Recreation, and Water Department staff worked with the Natural Resources Conservation Service (NRCS) and are currently working with FEMA for the reimbursement of costs totaling approximately \$5 million for erosion and sediment control, watershed issues, and dead tree removal. These projects involve permanent work performed or to be completed by City forces and contractors. These measures typically involve the use of hydro mulching and the installation of fiber rolls and gravel bag check dams. To date, erosion and sediment control work has been completed in Scripps Ranch using a combination of private contractors and the California Conservation Corps. Due to the possibility of unexploded ordinance in Tierrasanta, the majority of work in that area is on hold pending further

assistance from the U.S. Army Corps of Engineers. Gravel bag check dams have been installed in Mission Trails Regional Park and hydro mulching was completed during the week of February 23, 2004.

Attachment I to this report includes a summary of the departments' revised expenditure reimbursement requests, the Scripps Ranch Local Assistance Center's revised expenditure reimbursement request, and loss of revenue due to the fire. For work not completed or final costs not available, cost estimates have been included.

CONCLUSION

Documentation for estimated and actual expenses totaling approximately \$6.3 million has been submitted to FEMA and OES for the Cedar Fire. Of the \$6.3 million, \$3.3 million represents General Fund expenditures. This amount does not include estimated costs for proposed brush management in open space areas or waived fees disallowed by FEMA. As of this report, the City of San Diego has received \$732,500 in reimbursement from FEMA and \$195,939 from the State OES. Since final decisions have not been made by FEMA or OES on eligibility of expenses, the total anticipated reimbursement to the City is unknown. City staff will continue to work with FEMA and OES to ensure that all expenses that are eligible will be reimbursed and to appeal any requests where the City disagrees with FEMA's and OES's decisions on ineligibility. City staff anticipates reimbursement of the majority of eligible expenses in Fiscal Year 2004, although FEMA and OES have not committed to meeting this timeframe.

Respectfully submitted,

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Approved: Michael T. Uberuaga
City Manager

IRVINE/led

[Attachment](#)