



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: CEO/PW  
Department No.: 012/054  
For Agenda Of: February 11, 2020  
Placement: Departmental  
Estimated Time: 30 Minutes  
Continued Item: No  
If Yes, date from:  
Vote Required: 4/5

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**TO:** Board of Supervisors

**FROM:** Department Director(s) Mona Miyasato, County Executive Officer  
Scott McGolpin, Public Works Director

Contact Info: Jeff Frapwell, Assistant County Executive Officer

**SUBJECT:** Appropriation of Settlement Funds

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:** That the Board of Supervisors:

- A. Approve BRR #0006797 to allocate \$28.1 million in settlement funds to appropriate fund balances related to the Thomas Fire and 1/9 Debris flow disaster litigation with Southern California Edison (SCE); and
- B. Receive report from Public Works on proposed uses related to restoring and repairing damage caused by the Thomas Fire and 1/9 Debris Flow disaster; and
- C. Find that the proposed actions do not constitute a "Project" within the meaning of the California Environmental Quality Act, pursuant to 14CFR 15378(b)(2), as it consists of general policy and procedure making.

**Summary Text:**

This report is on your agenda to seek approval of Budget Revision #0006797, which appropriates the \$28.1 million recently received as part of the County's litigation settlement with Southern California Edison (SCE) into the appropriate departments' fund balances. The settlement funds received partially reimburse County agencies for costs incurred resulting from the Thomas Fire and 1/9 Debris Flow disasters and recovery efforts. While some costs were paid directly by the State or federal government (such as those paid to the County Fire Department for firefighting costs and for costs associated with clearing the debris basins), other costs have not been reimbursed. In total, the net financial impact on the County related to the disaster and ensuing storm readiness and response is estimated at approximately \$94 million.

In addition to the \$28.1 million already received by the County as part of the SCE settlement, the agreement sets aside \$15.8 million associated with \$21.7 million in damage reimbursement claims currently pending under either FEMA’s Public Assistance program or Cal OES’s California Disaster Assistance Act (CDAA) program, as well as \$32.4 million associated with four project grant requests submitted under FEMA’s Hazard Mitigation Grant Program (HMGP). Depending on the outcome of the claim reimbursement and grant application processes, and in addition to the funds from whatever pending applications that FEMA and/or Cal OES approve, the County could expect to receive between \$2.8 million and \$15.8 million through this component of the SCE settlement agreement. Disbursement of these additional funds will likely occur over the next few fiscal years and are not part of the actions being requested of the Board as part of this report.

**Discussion**

As detailed in the table below, of the \$28.1 million of settlement funds already received, \$20.1 million is recommended be allocated to the General Fund, Transportation Fund, and the Flood Control District, partially reimbursing those funds for costs incurred associated with the Thomas Fire and 1/9 Debris Flow disasters, and \$8.0 million is recommended to be set aside in the General Fund to fund the County’s ongoing litigation defense against SCE, and for potentially disallowed General Fund costs identified by the federal Office of Inspector General as part of their routine audits performed after all FEMA declared disasters. Should those audits result in disallowed costs associated with Public Works or Flood District disaster response and project costs, Public Works has committed to cover those disallowances directly from their respective funds. We expect to ultimately recover most of the County’s litigation defense cost against SCE over the next couple of fiscal years from CSAC-EIA insurance coverage.

<b>Recommended Settlement Allocation</b>	
General Fund	\$7,994,423.58
Public Works - Transportation Fund	\$10,128,253.00
Public Works - Flood Control District	\$2,000,000.00
<b>Sub-Total</b>	<b>\$20,122,676.58</b>
Set-Aside for General Fund Costs Potentially Disallowed During Future OIG Audit	\$3,000,000.00
Set-Aside to Fund Litigation Defense Against SCE	\$5,000,000.00
<b>Total Available Settlement Funds Received</b>	<b>\$28,122,676.58</b>

For the General Fund amount, staff will return during the FY 2020-21 budget deliberation process on potential uses for the identified funds but recommends that they be allocated for one-time expenses that enhance public safety and emergency preparedness, response, or recovery.

For the funds recommended to be allocated to the Public Works Transportation and Flood District funds, staff recommends that the settlement funds be utilized to restore haul routes and other roads within the Montecito community damaged due to the debris flow response. Also, reserves will be partially restored within the Flood Control District for funds expended during debris flow response and reconstruction.

Public Works has developed a preliminary list of 60 proposed road sections, attached as Exhibit A, totaling \$10.4 million, within the Montecito community and surrounding area that are the highest priority to be

restored to pre-debris flow condition. Also attached, as Exhibit B, is a map of the area depicting the damage repair projects by priority.

**Fiscal and Facilities Impacts:**

Budgeted: No

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized On-going Cost:</u></b>	<b><u>Total One-Time Project Cost</u></b>
General Fund			
State			
Federal			
Fees			
Other:	\$ 28,122,676.58		\$ 28,122,676.58
Total	\$ 28,122,676.58	\$ -	\$ 28,122,676.58

Narrative: The recommended action recognizes and appropriates funds received as part of the litigation settlement between the County and Southern California Edison related to the financial impact on the County resulting from the Thomas Fire and 1/9 Debris Flow disasters. Funds are recommended to be allocated between the County’s General Fund and Transportation Fund, and the Flood Control District. Funds are recommended to be set aside in fund balance for future appropriation by the Board of Supervisors.

**Key Contract Risks:** N/A

**Attachments:**

Exhibit A: Preliminary list of transportation projects within Montecito community and surrounding area

Exhibit B: Montecito Community Road Repair Map

BRR #0006797

**Authored by:**

Jeff Frapwell

**CC:**

County Counsel

Auditor-Controller