



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:** County Executive  
Office  
**Department No.:** 012  
**For Agenda Of:** 02/27/2018  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** 4/5

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**TO:** Board of Supervisors

**FROM:** Department Director(s)  
Contact Info: Mona Miyasato, CEO  
Jeff Frapwell, Assistant CEO

**SUBJECT:** Initial Cost Estimates for Thomas Fire and January 9th Debris Flow

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**County Counsel Concurrence**

As to form: N/A

Other Concurrence:

As to form: N/A

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Receive and file a report from the County Executive Office outlining initial staff estimates of the cost impacts and potential revenue loss to the County related to the Thomas Fire and subsequent debris flow.
- b) Approve budget revision request No. 0005531 (Attachment B) increasing appropriations in the Office of Emergency Management and the Sheriff's Office for costs related to the Thomas Fire and January 9<sup>th</sup> Debris Flow, funded by release of Committed Strategic Reserve fund balance.
- c) Determine pursuant to CEQA Guidelines 15378(b)(4) that the above actions are not a project subject to CEQA review, because it is a government fiscal activity that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

**Summary Text:**

This item is on the agenda to update the Board of Supervisors on preliminary estimates of both the cost of the response and recovery to the Thomas Fire and subsequent debris flow, as well as the projected revenue impacts in both the current, and upcoming, fiscal year. Although it is early in the process, it is currently estimated that the combined response and recovery costs of both events will exceed \$46 million, of which around \$35.6 million may be reimbursed. Much of the remaining \$10 million in County-responsible

expenses are for salary and benefits already contained within the budgets of each Department. A breakdown of these costs by Department is provided in Attachment A. A budget revision to appropriate funds from the General Fund Strategic Reserve to provide some of the most impacted General Fund Departments with sufficient appropriations to cover unbudgeted expenses related to the disasters, is included as Attachment B. Lastly, discretionary general revenue could be down as much as \$2.8 million in the current year, and Fiscal Year 2018-19 may experience \$3.1 million less revenue growth than projected in the Five-Year Forecast.

**Background:**

The Thomas Fire incident began on December 5, 2017, and the subsequent storm and debris flow event on January 9, 2018 was combined into the same incident for disaster claims purposes. This means eligible costs incurred by the County in response to these disasters after December 5<sup>th</sup> may be submitted for reimbursement to the Federal Emergency Management Administration (FEMA) and California Office of Emergency Services (CalOES). Because the incident is a presidentially declared disaster, in general FEMA will reimburse 75% of eligible costs, CalOES will reimburse 18.75% of eligible costs, and the County will be responsible for the remaining 6.25%. Attachment C outlines the FEMA Categories of Work eligible for reimbursement. While Emergency Work Categories A and B, debris removal and emergency protective measures, respectively, will likely make up the majority of the County's reimbursement claim, Permanent Work Categories C through G, to rebuild damaged infrastructure and facilities, will also be a significant cost. The County is fully responsible for ineligible costs.

The County Office of Emergency Management will be contracting with two outside firms, each with decades of expertise in disaster recovery, to provide guidance in cost recovery and ensure the County achieves full reimbursement of eligible costs, as well as assisting in long-term recovery and rebuilding of the impacted communities. While there is no standard timeframe for how long it will take for the County to receive federal and State reimbursement, it will likely be multiple years. In the meantime, County staff will be submitting a series of requests to FEMA for expedited payment, a process which may speed up a portion of the reimbursement received by the County. This may help some of the more impacted Departments recover a portion of their costs during FY 2017-18, and mitigate the impacts on County reserves. Staff expects this expedited payment to be particularly advantageous to non-General Fund Departments.

**Fiscal and Facilities Impacts:**

Budgeted: No

**Fiscal Analysis:**

Attachment A details the estimated costs of the disasters provided by Departments. It combines what has been expended to date with projections of future expenses, and breaks it into anticipated reimbursable and non-reimbursable costs. In most circumstances, overtime costs in response to a declared disaster are reimbursable, whereas straight time spent on a disaster during regularly scheduled hours are not. Other expenses, such as supplies, equipment, and contractors, are assumed in the attached spreadsheet to belong in the Emergency Work categories. Expenses incurred rebuilding and repairing damaged facilities is classified as Permanent Work by FEMA.

While it's important to emphasize that this is a very early estimate, the total cost of responding to, and recovering from, these disasters will likely exceed \$46 million. This includes an \$18 million estimate from Public Works to rebuild flood control and transportation infrastructure. Furthermore, while the County intends on seeking full reimbursement for all qualifying expenses, given the reimbursement timeline

mentioned above, some Departments will encounter appropriations issues in the current fiscal year. Attachment B is a budget revision appropriating an initial \$6.25 million from the Strategic Reserve to the Office of Emergency Management (\$3.5 million) and Sheriff's Office (\$2.75 million) to help cover costs in these General Fund Departments until reimbursements are received. These figures are derived from the Reimbursable Costs Estimate column in Attachment A, with the addition of \$0.2 million for OEM to contract with the disaster recovery firms discussed above. Reimbursements received for these costs in the future will be used to replenish the Strategic Reserve.

In addition to the costs of responding to, and recovering from, the disasters, it is also anticipated that there will be negative impacts to discretionary general revenue. Preliminary estimates are that property tax revenue to the General Fund could be \$1.3 million lower than originally anticipated in FY 2017-18, and Transient Occupancy Tax may be down \$1.5 million. However, unanticipated revenue from RDA Dissolution proceeds, Interest Income, and a variety of other sources are anticipated to offset the losses, such that there should be no negative revenue impacts compared to the adopted budget in FY 2017-18. Revenue growth in FY 2018-19 may be \$3.1 million lower than projected in the Five-Year Forecast last fall, with growth of \$7.4 million projected, instead of the \$10.5 million previously estimated. Given the lengthy recovery process that is anticipated in the Montecito area, property tax revenue could remain depressed for a number of years. Staff is working with the Governor's Office, CSAC, and our local legislators to secure State funding to offset lost tax revenue resulting from the disasters.

As the fiscal year progresses, staff will continue to monitor appropriations within all Departments, and expects to return with further budget revisions as costs, and timing of reimbursements, becomes clearer. Future draws on the Strategic Reserve may include non-General Fund Departments, and could cover either the local portion of the Emergency and Permanent disaster related costs and/or address cash flow needs until federal and State reimbursement is received.

**Attachments:**

- A. Preliminary Cost Estimates of Thomas Disasters
- B. BJE #0005531
- C. FEMA Reimbursable Categories of Work

**Authored by:**

Paul Clementi, Principal Analyst