



**Town of Paradise
Council Agenda Summary
Date: December 11, 2018**

Agenda Item: 6

Originated by: Gina S. Will, Administrative Services Director/Town Treasurer
Approved by: Lauren Gill, Town Manager
Subject: Financial Update

Council Action Requested:

Consider and file the information presented

Background:

On November 8, 2018, the Camp Fire ignited and burned through the Town of Paradise destroying most homes and businesses. The impact to the Town's finances was immediate and will continue to impact finances for many years.

Discussion:

Finance staff are daily exploring the many opportunities to continue government services and stabilize finances. A comprehensive mid-year budget and financial review will be completed, but the many complexities will delay completion until February 2019. In the meantime, staff will continue to provide financial updates as information becomes available.

Insurance Policies

Staff have met with insurance adjusters and are actively compiling damage assessments on town facilities and property. The Town will meet with insurance adjusters again in about a month at which point the Town will have a preliminary claim for damages. There are four primary elements of the insurance claims:

- Facility Losses (including contents)
- Equipment and Vehicle Losses
- Business Interruption (tax revenue losses)
- Payroll replacement (reimbursement of hourly staff costs for expenses incurred as a result of the disaster)

The Town has received a \$1.5 million dollar advance on damages.

FEMA/CalOES Public Assistance

Estimates have been created of the expenses accrued as a result of the disaster. Staff has had exploratory calls and applicants briefings for categories A and B of public assistance which relate to debris removal and emergency response. The Town has received a \$5 million advance against those projects and is currently fine tuning estimates in order to get an advance of 50% of the estimated costs.

Categories C-G will assist the Town in rebuilding culverts and roads and replacing irrigation and any equipment not covered by insurance.

Legislative Assistance

The Town is seeking legislative assistance to maintain government services for any items not covered by insurance or FEMA/CalOES Public Assistance. The State has assisted other communities impacted by disasters through property and sales tax backfills and by absorbing some CAL FIRE contract costs. In addition, precedent has been set for the state and federal governments to cover 100% of public assistance eliminating matching requirements to financially strapped communities. The Town is also seeking legislation for gas tax backfill and to ensure all general fund expenditures can be covered. An entire Department of Finance team is dedicated to ensuring that the Town doesn't run into cash flow issues and to make certain appropriate legislation is included in next year's State budget.

In addition, many economic development and fire mitigation measures are being considered for funding including sewer development and fire response tools.

Disaster Recovery Management Services RFP

A request for proposal has been issued for Disaster Recovery Management Services to assist the Town in strategic planning, disaster subject specific expertise, insurance settlement and maximizing public assistance processes. This will provide much needed assistance to Town staff in managing the workload associated with this disaster. Proposals are due for consideration on December 20, 2018 and a recommendation for award will be presented to Town Council on January 8, 2019.

Fiscal Impact:

There is no financial impact in considering this information.