



FINANCE DEPARTMENT

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To: Mayor and Common Council
From: Bill Burns, Assistant City Administrator/Finance Director
Re: Flood Recovery and FEMA Funding Update
Date: August 2, 2019

Overview

The Preliminary Damage Assessment conducted after the August 2018 flooding identified about \$6.5 million in estimated public sector damages for the City of Middleton. Of this amount, \$5.2 million was for water control / storm water-related projects with \$1.3 million in all other categories. At the end of July 2019 the City had reported to FEMA that it had spent \$617,726 in flood recovery costs and that it had awarded bids for an additional \$1,160,903 in these categories. In addition, the City has spent an additional \$145,325 to repair damage to a sewer lift station and a tennis court that has been reimbursed by the City's property insurance carrier.

Category	Description	Preliminary Damage Estimate	Reported Costs & Bids to Date	FEMA Obligated Costs
A	Debris Removal	\$244,963	\$346,575	\$343,518
B	Protective Measures	\$84,912	\$39,859	Pending
C	Roads and Bridges	\$90,390	\$30,377	Pending
D	Water Control Facilities	\$5,196,877	\$1,218,325	Pending
E	Buildings & Equipment	\$91,093	\$68,422	\$68,343
F	Utilities	\$39,057	\$0	\$10,412
G	Parks and Other	\$804,768	\$57,421	Pending
Z	Management Costs	\$0	\$17,649	Pending
	TOTAL	\$6,552,050	\$1,778,629	\$422,273

At this point, all category A (Debris Removal), B (Protective Measures), and E (Buildings & Equipment) work has been completed. Most category C (Roads & Bridges) and some category G (Parks & Other) work has been completed. Contracts have been awarded for category D (Water Control) projects in the amount of \$1,218,325. Studies and design work is underway for several projects as well as development of a master plan for the Pheasant Branch Creek (PBC) corridor. Additional projects will be bid and constructed later this year and in 2020 as the design work is finalized.

FEMA Funding Process Update

The City's reported flood damages have been grouped into fourteen projects by FEMA. Of these, five projects with total costs of \$422,273 have gone through the full FEMA review process and have funds obligated. The federal and state share of these obligated projects is \$369,488 (87.5%). The remaining nine projects are going through the FEMA review process and it is anticipated that funds will be obligated for these projects within the next couple months.

It is expected that not all of the City's reported costs will be deemed FEMA-eligible. FEMA staff have informed the City that they will only provide reimbursement for repairs to engineered improvements on city-owned property. For some projects the City will be requesting mitigation funds to construct repairs with additional capacity or resiliency.

FEMA will need to review the mitigation proposals and determine what portions are eligible for funding. At this point, it is estimated that the City may receive between \$3.5 and \$4.2 million in federal and state disaster assistance.

Once work is completed on a FEMA-obligated project, the City can request state and federal reimbursement. For small projects (up to \$128,900) the reimbursement will be based on the obligated costs and payments may be available within four to six weeks of certification of project completion. The City should receive payment on some completed small projects later this summer and fall. For large projects, FEMA audits the actual costs to the penny. Once the City certifies that all of the work for a project is complete it will need to provide records to FEMA documenting the actual costs and proof of completion. Payments won't be made until the audit is complete. For many of the City's large projects, that likely won't occur until 2020 or later.

For permanent work (FEMA categories C, D, E, F, and G) there is a requirement to complete work with eighteen months of the disaster declaration. For this disaster that will be by April of 2020. The City can request an extension to the deadline through Wisconsin Emergency Management (WEM) by providing an explanation of the extenuating factors requiring additional time such as winter conditions and the need to complete the PBC corridor master plan and other design work. WEM staff have verbally indicated that they do not anticipate an issue with granting an extension to the City for ongoing projects.

Flood Recovery Financing Update

Immediately following the flooding, the City Council authorized the use of \$641,000 of general and emergency contingency for flood recovery. All of those funds have been spent or allocated to projects. Much of these funds were used to finance initial debris removal, protective measures, and emergency repairs. The City's general fund unassigned fund balance decreased by \$476,292 in 2018 as a result of funds being used for flood recovery. The City Council has indicated its intent to restore those funds as reimbursements are received from FEMA and the State of Wisconsin.

In April 2019 City of Middleton voters approved a temporary five-year increase in the Storm Water Utility fee from \$15 to \$45 per year per Equivalent Run-off Unit. The additional fee is expected to generate \$2,800,000 between 2019 and 2023 that can be used for fund repairs to the PBC corridor, Tiedeman Pond, Stricker Pond and other storm water management features that were damaged by the August 2018 flood. In June 2019, the Middleton City Council approved an amendment to the Storm Water Utility budget authorizing expenditures of up to \$1,584,000 in 2019 for capital projects for flood recovery utilizing available utility funds and anticipated 2019 revenues.

For storm water flood repair projects, Storm Water Utility funds can be used to front the cost for FEMA-eligible projects as well as to cover the local share (12.5%) and to fund non-FEMA eligible storm water repairs. The Middleton City Council has also authorized the short-term use of unassigned fund balance to finance non-storm water related flood recovery projects in 2019 and directed staff to begin the process of issuing a State Trust Fund Loan to finance these projects. The intent is to reimburse the use of unassigned fund balance prior to the end of 2019. The City may need to issue a State Trust Fund Loan for the full amount of non-storm water projects and partially repay the loan once federal and state reimbursements are received.