

Kern County Policy and Administrative Procedures Manual

CHAPTER 15

DISASTER COST RECOVERY PROCEDURES

1501. General Statement 1

1502. Disaster Relief Claim Procedures..... 1

1503. Responsibilities 2

1504. Types of Costs to Report 3

1505. Documentation of Costs 3

1506. Local Emergency Relief Budget Unit Reimbursements and Administration 5

CHAPTER 15

DISASTER COST RECOVERY PROCEDURES

1501. General Statement. Under certain circumstances, State and federal governments provide funding and technical assistance to local governments for repairing or replacing public properties damaged or destroyed by a disaster. Work that is eligible for assistance is classified as either emergency or permanent work. *Emergency work* includes debris removal and other essential actions which must be performed immediately in order to save lives, protect public health and safety, and protect property. *Permanent work* includes the restoration of facilities that serve public purposes to their pre-disaster condition or the replacement of disaster-damaged public facilities.

The purpose of this Chapter is to define the process for accumulating data on the cost incurred by departments responding to Gubernatorial or Presidential declared disasters or major emergencies.

1502. Disaster Relief Claim Procedures. As disasters normally occur over a period of time, when departments begin response to situations it is usually not clear that this will result in a State or federal declaration. Department heads will establish procedures to account for costs related to disaster response when the costs at specific locations are expected to exceed \$250 and will notify other involved departments upon identification of such locations to allow documentation of total cost involved. Only those expenditures which are completely documented by the department will be recognized by auditors.

Qualifying for State or federal funding for disaster related activities normally requires the following steps:

- a. The Director of Emergency Services determines that the disaster is such that the resources of the County are overextended and recommends that the Board of Supervisors declare a local emergency and request that the Governor declare a State of Emergency. In the absence of the Board of Supervisors (in session), the recommendations are made to the Chief Administrative Officer, who is empowered to request the Governor to declare a State of Emergency, such action to become void unless ratified by the Board of Supervisors within seven days thereafter.
- b. Prior to rendering a decision on disaster declaration, the State requires an Initial Damage Estimate (IDE) report to determine a "best estimate" of the County's damage. This survey includes damage to private property, businesses, and utilities in addition to public facilities.
- c. If the situation meets the State's criteria, the Governor declares a State of Emergency, and requests a federal disaster declaration if requested by the Board of Supervisors.
- d. If the situation meets specified criteria, a federal disaster is declared. A federal Preliminary Damage Assessment (PDA), survey may be conducted prior to this decision.
- e. After the declaration process, the State and/or federal authorities send inspection teams into the affected areas to determine, with local government representatives, which locations are eligible for disaster assistance and to estimate the costs of the eligible work. This information is reflected on Project Worksheets which serve as the basis for submitted claims.

- f. The Governor's declaration alone will qualify for access to the California Natural Disaster Assistance Act (NDAA), which pertains only to public assistance, i.e., damage to publicly owned facilities and emergency response costs.

1503. Responsibilities

.1 *Emergency Services Manager:*

- a. Gather information from department heads on the extent of damages in the County, including County facilities, private property, utilities and nonprofit organizations, caused by disaster or emergency situation.
- b. Coordinate visits of State and federal PDA inspection teams with departments and provide copies of project worksheets developed by inspection teams to departments.
- c. Upon declaration of State or federal disaster, provide departments with inclusive dates during which reimbursements will be eligible, with updates provided as needed.
- d. Obtain and provide to departments information on disaster cost recovery and prepare cost documentation packages.
- e. Coordinate with departments the collection of data and the submission of letters of appeal to FEMA regarding ineligibility decisions made by the Project Worksheet Inspection Team, as appropriate.
- f. Coordinate the disbursement of disaster cost reimbursement revenue to County departments, as appropriate.
- g. Gather cost documentation packages from departments, consolidate the packages, and request a final audit from State and/or federal agencies, as appropriate.

.2 *Department Heads.*

- a. Designate one person who is familiar with the department's costs accounting system and knowledgeable about the costs to be identified and tracked in a disaster to be responsible for coordinating all of the department's costs for an emergency.
- b. Establish procedures to accumulate cost data on disaster related expenses when it appears that such expenses will exceed \$250 for a specific site. Procedures will insure that all such sites are identified by location. Costs will be identified by type, i.e., staffing by classification, equipment by type and identification number, hours worked at a specific site, materials used, etc. The identification system established by the department will be used for all cost accounting until Project Worksheets are prepared by the inspection team. After the Project Worksheets have been prepared, all cost accounting documents must cross reference department numbers and Project Worksheet numbers.
- c. Submit requests to the Chief Administrative Officer for supplemental funding needed to support disaster operations beyond current budget allocations, with a copy to the Emergency Services Manager. Reimbursement requests must be in compliance with section 1506 of this chapter.

- d. Provide representation to inspection teams while Project Worksheets are being prepared. Representatives must be aware of efforts by the County at each site and be able to provide assistance in identifying County costs related to each location. PDA inspection teams will identify immediate funding needs during their first contact with the County. This can result in 50 percent of the federal share of emergency work being funded immediately, provided departments have fully documented disaster related costs prior to the Teams' arrival.
- e. Notify the Emergency Services Manager of locations which have been identified as likely candidates for State or federal disaster reimbursements. This information will then be provided to other departments to allow collection of data on total County costs.
- f. Retain all necessary records to develop a complete cost documentation package for each Project Worksheet. A cost documentation package is prepared by each department for each specific site must include all the original records that reflect costs incurred by the County due to the emergency response and recovery activities employed by the County. This package will contain a copy of: the Project Worksheet, photographs of damage to publicly owned facilities, invoices, billings, contracts, time sheets, and equipment and material usage records. The department will also complete a summary of these costs, which must be supported by the individual documents.

1504. Types of Costs to Report. Generally, any cost that is incurred specifically for response to or recovery from a declared disaster (emergency situation) should be reported. Even if the cost is later determined to be ineligible for federal/State reimbursement, the documentation will aid in justifying a budget overrun or modification. Departments which have specific disaster response and recovery missions are expected to have costs that should be reported.

All departments may incur some costs as a result of the emergency. The following represent examples:

- a. The cost of repairing or replacing equipment or consumable supplies damaged or destroyed *by* the emergency situation (but not responding *to* it). Federal and State funding provides for repair only to pre-emergency condition (no upgrade). Whenever possible, replacement should consider surplus property or other used equipment. Replacement of consumable supplies is generally limited to a 30-day supply, unless the FEMA approves a larger amount.
- b. The cost of departmental personnel doing disaster related work (such as cleaning up, sandbagging, site security, working in the Emergency Operations Center, etc.)

1505. Documentation of Costs. Complete documentation of costs must be available to prepare accurate and complete claims to the State and federal governments and to support these costs in an audit. Costs to be claimed can be either: 1) costs incurred directly, or 2) costs incurred through outside contracts. The categories of eligible work which may be involved are:

- a. Debris removal
- b. Emergency protective measures
- c. Permanent work

Each claim (Project Worksheet) may be grouped according to a single geographical location or broken down to show the category of work and the location(s) where and/or how the material and supplies

were used. The unit cost used must be supported by one of the following, which will be made available to the State or federal auditors at the time of site audits:

- a. The invoice covering the original purchase of the item (if obtained by the department).
- b. The invoice covering the replacement of the item.
- c. The stock card for goods previously purchased with the pricing calculation.

Regardless of supporting documentation, only the actual unit cost paid to the supplier, with nothing added for handling and overhead, is normally reimbursed.

.1 *Force Accounts.* Costs directly incurred include labor (salaries and benefits), equipment, and material (services and supplies). For each Project Worksheet or line item, work papers must be prepared by each department to document the costs claimed. Claims must identify the source documents from which the information is taken which must include the following:

.1.1 *Employee Labor.* Claims for eligible employee's time must be supported by payrolls which give the payroll period and includes the name, job classification, number of hours worked each day (show dates), total hours worked (regular time and overtime costs must be separated), rate of pay, total earnings, equipment operated (if applicable), reporting category number, and type of work assigned. The total costs claimed must be broken down by line item to show the categories of work (debris removal, street repair, etc.) and the location(s) where work was performed. The original time sheets and payroll records must be retained for three years after completion of a project.

If time and one-half or double time is paid to regular hourly employees for overtime or holiday work, these payments must be in accordance with County rates established prior to the disaster, which will be the current rate of pay for employees. Overtime compensated by compensatory time off is not generally reimbursed.

.1.2 *County Owned Equipment.* Claims for the use of County-owned equipment on eligible disaster work must be supported by a schedule similar to payroll costs as described above. The schedule must contain the type and description of equipment, number of hours used each day (show dates), total hours used and the rate approved under NDAA or by FEMA, whichever is appropriate.

Costs for the use of County-owned equipment may be claimed based on *one* of the following methods, the lesser of the two will be applied:

- a. A rate schedule furnished by the State or FEMA, whichever is appropriate, for the usual type of equipment used during disaster operations.
- b. The County-owned equipment established rate schedule.

.1.3 *Equipment Rental.* Invoices covering equipment rental must include the type and description of equipment, the hourly rate (indicate with or without operator), date(s) used, hours used each day, and the total rental cost for each piece of equipment.

.1.4 *Equipment Operators.* Equipment usage time must match operator time.

.1.5 *Materials from County Stock.* Invoices must describe the material furnished, state the date furnished, and include the description, quantity, unit and total cost, and invoice total. The invoice

must show where and/or how the material was used and the amount applicable to the related category(ies) and related Project Worksheet number.

.2 *Outside Contracts.* For work performed by a contractor, the County should attach a copy of the contract to the invoice. The contractor must furnish a detailed breakdown of costs, if it is a cost-type contract. Copy of payment bond, if applicable, should also be attached.

.3 *Other Political Subdivisions or Special District Invoices.* Labor and material cost on these invoices requires the same documentation as for County labor and material costs. Invoices covering publicly owned equipment rental must give the same details as required for County-owned equipment. Rates used to compute the amount claimed must be the claimable rates for County-owned equipment. The unit costs used to compute the amount claimed must be the rental unit cost paid to the supplier, with nothing added for handling, overhead, etc., the same as for County material.

.4 *Proof of Payment.* The County must show on each invoice the date and amount paid, and check or warrant number or evidence of payment. State or federal auditors will verify payments. Any invoices *not paid* will be disallowed. Earned cash discounts (payment made within discount date indicated on invoice) must be deducted from the total of the invoice, as only the net amount paid may be claimed.

1506. Local Emergency Relief budget unit reimbursements and administration. County departments may incur costs for damages to property and/or emergency services as a result of natural disasters, such as severe rain storms, flooding, earthquakes, etc. These events are unanticipated and typically not included as part of the departments annual budget. Budget unit 2120 – Local Emergency Relief was established for County departments to obtain reimbursement of extraordinary costs incurred as the result of an eligible local emergency event. Funding in this budget unit will be limited; therefore, departments should not expect full coverage of costs and should make every effort to absorb costs within their existing budgets where possible. The County Administrative Office will administer the budget unit and provide an annual report in open session if any activity has occurred during the year. This report will be provided in June and will contain a summary of each reimbursed event that occurred during the fiscal year.

The content below is only for administration and reimbursement activity for budget unit 2120 – Local Emergency Relief, and does not preempt or negate existing departmental responsibilities, including those listed in previous sections of this chapter or as required by other governmental agencies. These requirements represent additional steps departments must take when seeking reimbursement from budget unit 2120.

Payments to departments will generally be on a reimbursement basis, at the discretion of the County Administration Office. The reimbursement and administration processes will be as follows:

- a. At the time a natural disaster of local emergency occurs, or is reasonably anticipated to occur, departments will perform their assigned functions to assist in response, recovery and/or remediation efforts. Departments are expected to track time and resources devoted to response, recovery and remediation.
- b. The Kern County Board of Supervisors must proclaim and subsequently terminate the proclamation of a local emergency in order for budget unit 2120 to be accessible, except for expenditures under section f, below. If the proclamation is made by a designee while the Board is not in session, the Board must ratify the proclamation within seven calendar days. The California Government Code defines the requirements for proclamation of a local emergency, including those listed in Chapter 7 of Division 1 of Title 2.

- c. Requesting departments must submit to the Kern Office of Emergency Services (Kern OES) any necessary documentation for federal or State assistance funding to offset costs. Any disaster-related financial assistance provided by other governmental agencies will be received by the Fire Department through Kern OES and properly allocated. Governmental aid that offsets reimbursements made from the Local Emergency Relief budget unit will be deposited to that budget unit.
- d. Once the Board of Supervisors terminates the proclamation of local emergency, requesting departments will have 30 calendar days to provide detailed cost information and supporting documentation to Kern OES. Kern OES will compile a preliminary cost estimate report for the event. The preliminary report will be used for the reimbursement determination process. Simultaneously, the department will submit a written request for reimbursement to the County Administrative Office. All reimbursement requests must include detail on why retaining the costs would cause hardship for the department. Written requests to the County Administrative Office must also be received within 30 calendar days of the termination of proclamation. The County Administrative Office will work directly with Kern OES to discuss comprehensive report data.
- e. The County Administrative Office will review all requests and, if approved, will process the necessary transactions to reimburse operating departments from the Local Emergency Relief budget unit. The County Administrative Office will utilize Kern OES summary report data to evaluate requests and will provide findings within 15 calendar days of receiving such data. The review process will also consider the current funding available in budget unit 2120. Should the total claims for an event exceed available Local Emergency Relief appropriations, reimbursements will be made to eligible departments on a pro-rata basis. Final reimbursements to requesting departments will be based on a percentage share of total claimable costs for the entire event.
- f. Major disaster costs, such as those incurred or reasonably expected to be incurred during a declared federal disaster may be accounted for directly in the Local Emergency Relief fund at the discretion of the County Administrative Office. The County Administrative Office will administer funds and track costs incurred directly to the Local Emergency Relief fund and the requesting entity. Documentation of eligible costs and submission for reimbursement to Kern OES is the responsibility of the requesting entity. Unreimbursed costs may be charged to the requesting entity if documentation required for reimbursement is insufficient. (Rev. 4/20)
- g. Departments will continue to submit to Kern OES all necessary paperwork and supporting documentation to request reimbursements, grants, and other funding allocations from the State and federal government. If any costs included in the preliminary cost estimate report used for initial reimbursements are later found to be ineligible, the County Administrative Office will prepare a Journal Voucher to correct the over-reimbursement.
- h. Future annual funding allocations for budget unit 2120 will be determined during each annual budget development cycle with no guarantees of a minimum balance. If an annual allocation is exhausted mid-year, additional funding to the budget unit is not guaranteed.
- i. If necessary, and with County Administrative Office concurrence, departments will be able to request approval of unanticipated revenue from the Local Emergency Relief budget unit to prevent exhaustion of appropriations.