



## SUMMARY REPORT

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**Agenda Date:** 3/14/2023

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**To:** Board of Supervisors

**Department or Agency Name(s):** Sonoma County Public Infrastructure

**Staff Name and Phone Number:** Johannes J. Hoevertsz, 707-565-2231

**Vote Requirement:** Majority

**Supervisory District(s):** Countywide

**Title:**

Moscow Road - February 2019 and January 2023 Landslides Sites Repair Project Execution

**Recommended Action:**

Adopt a Resolution:

1. Authorizing design, environmental work and permanent repairs to a segment of Moscow Road damaged during the January 2023 storms in advance of receiving Federal Emergency Management Agency (FEMA) approval for public assistance eligibility.
2. Authorizing a loan through the Intradepartmental Revolving Credit Line to fund the Moscow Road repairs.
3. Directing Public Infrastructure to complete the 2023 Moscow Road repairs in conjunction with the FEMA-approved 2019 Moscow Road repairs to achieve a complete community benefit and cost savings.
4. Authorizing the Director of Public Infrastructure to utilize Road Commissioner authority to approve plans and specifications, invite bids, award contracts, and take other necessary actions as to the 2019 and 2023 Moscow Road repairs.

**Executive Summary:**

In January 2023, Sonoma County was impacted by a major storm event which caused severe damage to Moscow Road in western Sonoma County. The 2023 site at Post Mile 12.57 (see attached site map) is at risk of failure and would isolate more than 250 residents if it collapses. In order to expedite construction, best respond to the threat to life and safety, and reduce overall repair costs, Sonoma County Public Infrastructure (PI or Department) is requesting authorization to move forward with design, environmental review and construction of permanent repairs at Post Mile 12.57 prior to eligibility for requesting FEMA public assistance, which PI will seek as soon FEMA opens applications.

The Moscow Road 2023 location is in close proximity (186 feet south) to one of the FEMA-approved disaster sites (Post Mile 10.84 and 12.55) caused by the 2019 storm events. Design, engineering, and environmental elements for these two sites have been completed and the Department received clearance from FEMA in late 2022 to begin construction in the summer of 2023. The Department has received environmental clearance from the California Department of Fish and Wildlife (CDFW) to include the 2023 site with the 2019 sites, and there will be significant cost savings by constructing all three sites at the same time. In addition, performing all the repairs in 2023 will provide a fully functioning road for residents and first responders.

Typically, the Department works with California Department of Emergency Services (CalOES) and FEMA to obtain a funding commitment prior to beginning permanent repair work (FEMA Category C) resulting from a federally declared disaster. Unfortunately, once a funding commitment is secured from FEMA the local agency cannot deviate from the FEMA project delivery process. The resulting engineering, design, and environmental approval process can take five or more years to complete. The Department requests authorization to cover the 2023 site repairs using a loan from the Intradepartmental Revolving Credit Line approved by the Board in 2021. While the Department is committed to working with our partners at CalOES and FEMA to secure funding for the 2023 site repairs, there is a possibility FEMA will deny reimbursement without a funding commitment in place prior to construction. Estimated cost for the Moscow Road 2023 site repairs is \$1.5 million. In the event the 2023 project is not eligible for reimbursement, PI will identify funding sources, which may include accessing part of the existing \$10.6 million FEMA Audit Reserve if and after the Board agrees to make Audit Reserve intended use exception, other PI sources, and General Funds.

See FEMA Audit Reserve in the Minimum Fund Balance section under 2022-23 Financial Policies for more information.

<https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/county-administrators-office/budget-and-operations/financial-policies-for-2022-2023>

#### **Discussion:**

The County of Sonoma has been impacted by eight federally declared disasters since January 1, 2017. Each of these events resulted in significant damage to the County's transportation infrastructure requiring both emergency efforts to reopen County roads as well as the design and construction of long term, permanent repairs. The total costs for all the disasters to date are estimated at \$100 million.

Significant portions of emergency repair work are eligible for reimbursement from the Federal Emergency Management Agency (FEMA) and the California Department of Emergency Services (Cal OES). The combined reimbursement rate for this funding is typically 93.75% (75% FEMA/18.75% CalOES) with the 6.25% balance drawn from local sources. In order to remain eligible for reimbursement, authorized work must be completed within FEMA-mandated timelines and in compliance with other federal requirements for public assistance eligibility.

Permanent repairs associated with major disaster events often require large-scale construction projects to rebuild or reinforce severely damaged sections of roads. These projects require extensive engineering and design work, environmental permitting, right-of-way acquisition, and coordination of construction resources across multiple years. As a result, permanent road repairs associated with flood events often require significant financial resources and can take four or more years to complete.

PI began exploring financial alternatives to cashflow disaster projects in May 2020, and after completing an internal analysis and consulting with members of the County's Debt Advisory Committee and County Counsel, it was determined that an intradepartmental revolving credit line between the Integrated Waste Division and the Roads Division was the best option and the Board approved a revolving line of credit in 2021 by Resolution No. 21-0225. The revolving credit line, with \$13 million capacity, currently restricts borrowing to projects with a funding commitment from FEMA. PI, to date, has not drawn down from this credit line. However, damages from recent events, and the need to expedite repairs, have necessitated exercising this option. Because the Credit Line was limited to projects for which there is a FEMA funding commitment, exception to this

requirement will need to be made for the loan to cover the 2023 site.

PI is proposing to borrow \$3.5 million for the construction of all three Moscow Road sites. No additional budget appropriations are needed at this time.

The Department believes that the 2023 project sites falls within the eligibility requirements for FEMA Category C projects (permanent repairs) however, completing work prior to obtaining FEMA approval may increase the risk of a FEMA determination of ineligibility. The County recently participated in the Applicant Briefing and the next step in the process is the Scoping Meeting which can take months. If FEMA determines the County is ineligible for public assistance for the 2023 site repairs and the County does not receive reimbursement it will need to fund repairs from local sources of revenue. Public Infrastructure will recommend available funding sources including grants, FEMA Audit Reserve, future Pavement Preservation Road Fund sources, and General Fund to reimburse the loan from the revolving credit line. In the event the project is not eligible for reimbursement, PI may return to the Board to program and commit other funding options.

If approved, the Department will proceed with design and environmental work for the 2023 site repairs with the intention of inviting bids and awarding a contract for repair of the 2019 and 2023 sites this summer.

**Strategic Plan:**

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

**Pillar:** Resilient Infrastructure

**Goal:** Goal 3: Continue to invest in critical road, bridge, bicycle, and pedestrian infrastructure.

**Objective:** Objective 1: Continue to maintain road segments, including designated turnouts where feasible, increase efforts on vegetation removal and drainage features, and improve pavement conditions in neighborhoods.

**Prior Board Actions:**

None.

**FISCAL SUMMARY**

| <b>Expenditures</b>                | <b>FY 22-23<br/>Adopted</b> | <b>FY23-24<br/>Projected</b> | <b>FY 24-25<br/>Projected</b> |
|------------------------------------|-----------------------------|------------------------------|-------------------------------|
| Budgeted Expenses                  | \$2,000,000                 | \$1,500,000                  |                               |
| Additional Appropriation Requested |                             |                              |                               |
| <b>Total Expenditures</b>          | <b>\$2,000,000</b>          | <b>\$1,500,000</b>           |                               |
| <b>Funding Sources</b>             |                             |                              |                               |
| General Fund/WA GF                 |                             |                              |                               |
| State/Federal                      |                             |                              |                               |
| Fees/Other                         |                             |                              |                               |
| Use of Fund Balance                | \$2,000,000                 | \$1,500,000                  |                               |

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|                      |                    |                    |  |
|----------------------|--------------------|--------------------|--|
| Contingencies        |                    |                    |  |
| <b>Total Sources</b> | <b>\$2,000,000</b> | <b>\$1,500,000</b> |  |

**Narrative Explanation of Fiscal Impacts:**

Financial impacts of transfers between Integrated Waste and Roads Division will be addressed during future consolidated budget adjustments and/or budget requests. Interest payments will be drawn from available sources. Principal payments will be made with a combination of grant reimbursements from FEMA, Cal/OES, the Federal Highway Administration, and appropriations from HUTA and SB1. Public Infrastructure will use the Integrated Waste credit line to cash flow the projects until a determination of eligibility is provided by FEMA/CalOES. In the event the projects are not eligible for reimbursement, PI will return to the Board to determine replacement funding options.

**Narrative Explanation of Staffing Impacts (If Required):**

None.

**Attachments:**

Site Map  
Resolution

**Related Items "On File" with the Clerk of the Board:**

None.