



## THE CITY OF KEY WEST

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# Executive Summary

### EXECUTIVE SUMMARY

**TO:** Jim Scholl, City Manager

**THROUGH:** Sarah Spurlock, Asst. City Manager

**FROM:** Scott Fraser, FEMA/CRS Coordinator

**DATE:** May 9, 2016

**SUBJECT:** Flood Mitigation Financial Consulting – Phase II & III

**ACTION ITEM:** Legislative Ratification of Task Order #5 for Arcadis U.S. Inc. to provide financial consulting services for property owners located within repetitive flood loss areas; in the amount of \$19,750, from funds already budgeted for such purposes.

This would be an after-the-fact ratification of the City Manager's decision to proceed absent City Commission approval, to avoid missing a May 3<sup>rd</sup> federal deadline to apply for \$2 million in flood mitigation grant funds to help the most flood-prone homeowners reconstruct their homes above flood levels and thereby improve the community's flood insurance rating.

**BACKGROUND:** During its December 2, 2015 meeting, the City Commission authorized the expenditure of \$25,500 (Resolution 15-366) to fund Phase I of flood mitigation grant services to assess the community interest among property owners at risk of flooding in mapped Repetitive Flood Loss Areas.

Phase I. Flood Mitigation Outreach, Applicant Engagement & Eligibility Determination

Phase II. Pre-application Support: Site Assessments, Project Scoping, Cost Estimating

Phase III. Technical Assistance and Facilitation of Application Development and Submittal

At that time, the costs for Phases II & III couldn't be determined until the results of Phase I were determined. Now with Phase I of the project completed, it's known that up to twenty-six property owners are potentially eligible for flood mitigation funding.

The Phase I outreach project to some 1,232 property owners, resulted in about 80 responses. Of those 80 responses, some 50 owners attended or watched the special grant workshop, with 28 submitting pre-application packets for further eligibility analysis.

Properties classified by FEMA as priorities to mitigate - due to the number and frequency of flood claims - have the greatest eligibility. Half of the properties within one grant application must be considered a FEMA priority to be a competitive application. As such, these priority properties may each ‘float’ one non-prioritized property in the grant application, resulting in a pool of potential applicants twice the number of the prioritized properties. The final pool of applicants, is determined based on the results of an onsite cost/benefit analysis and technical feasibility assessment performed in Phase II.

Phase II would bring in experienced structure mitigation engineers to perform a detailed assessment of the viable buildings, visiting the most eligible properties within a three-day period. The team will assess the sites for mitigation obstacles, technical feasibility of the preferred mitigation project, determine building specific costs, and perform individual cost/benefit analyses required for a successful mitigation grant applications.

Phase III is also included within this Task Order, to complete the technical and administrative aspects of the resulting viable applications and shepherd them through FEMA’s grant submission process.

### **PURPOSE AND JUSTIFICATION:**

As a prerequisite to participating in the Community Rating System (CRS), for communities like Key West with 10 or more Repetitive Flood Loss properties, the community mapped Repetitive Loss Areas and undertook an outreach project targeting all property owners with insurable buildings located within these areas.

Forty-one Repetitive Loss Areas have been mapped throughout the city, encompassing 206 Repetitive Loss properties. Within these 41 Repetitive Loss Areas, there are at least 1,232 insurable buildings, to which this outreach was directed, via direct mail and personal visits.

On March 23, Arcadis consultants conducted a flood mitigation workshop at Old City Hall for some 50 property owners who responded to this outreach project. This event was recorded and made available on the [City’s website](#), which resulted in a ripple-effect of more interested property owners seeking to participate.

The City utilized an existing agreement with Arcadis to provide financial consulting services approved by the City Commission May 6, 2015 (Res. 15-162). This was deemed advantageous, in that the Arcadis staff includes former members of the State floodplain management office responsible for processing flood mitigation grant applications.

Flood mitigation grant applications succeed or fail based upon financial considerations. The required structurally specific cost/benefit analyses weigh: the history of flood damage claims, potential for future claims and structural value, compared to the costs of mitigation. Navigating the various federal grant application paths for flood mitigation requires an in-depth understanding of the cost/benefit analysis and the grant program itself, accompanied by experience that develops a knowledgebase of which application strategies usually succeed or fail. Arcadis staff have a wealth of knowledge and experience in this realm, where the financial and technical evaluations drive successful applications.

Since Phase I successfully assessed the community interest among eligible property owners, City Staff doesn't intend a similar extensive outreach project in the near future. Annual outreach to such property owners will be required as part of the CRS program, but not to a level that envisions the need to hire consultants.

**Recommendation:**

Ratifying approval of this Task Order for flood mitigation financial consulting.

**Advantages:**

- Assists grant eligible owners of the most flood prone buildings in the City to pursue federal funding to protect against future flood damages.
- Meets CRS requirements for annual outreach to property owners in repetitive flood loss areas.
- Buildings mitigated will accrue additional CRS points toward community rating improvement.
- Grant applications that are not approved in this funding cycle may be resubmitted annually with minimal revisions.
- As allowed by the cost/benefit analysis, the City may include costs expended on application development in the funding application for reimbursement.

- **Disadvantages:**

- None

**Financial Impact:**

- The cost of this task order, \$19,750 is available in the 2015-16 Building Department budget for CRS Professional Services (001-2401-524-3100) with a current balance of \$73,213.
- When mitigation grants are successful, the City will be able to recoup at least 75 percent of costs related to developing those grant applications and administering the grant program. Depending on the pool of final applicants, the City may be reimbursed up to 100% of its costs for those properties rated by FEMA as having severe flood damage losses.
- Savings to the community with an improved CRS rating will range from 5-15% annually, which presently totals \$500k-\$1.7m annually.