

DATE: September 12, 2024
TO: City Council
FROM: Michael Reso, City Clerk
SUBJECT: FEMA Project for Repairing Municipal Harbor from Hurricane Zeta

During Hurricane Zeta, the BSL Municipal Harbor was damaged on the south wall in addition to some other smaller areas. The large repair project, including mitigation to reduce the risk of future storms, is the south wall (closest to the train tracks).

FEMA originally wrote the project worksheet for \$1,539,324.70. When bids were received on November 29, 2023, the low was \$3,498,910.94. The city submitted a request to FEMA to revise the project worksheet to accept the higher price. We are still waiting on the final approval from FEMA to increase the project worksheet; we expect to receive this in the near future.

Since this project will cost \$3.5 million, the city does not have the available funds to pay for this project and wait for the reimbursement until FEMA/MEMA pays the city. Hurricane Zeta debris clean up reimbursement took two years to get reimbursed.

During the project workshop meetings and the budget workshops, the administration has recommended the use of a grant anticipation loan for the two large FEMA projects (total est. \$7 million for both the harbor repairs and Hurricane Ida Street repairs). The city can cash flow the other projects since grant reimbursements for those projects can be submitted regularly; however, the FEMA projects are not reimbursed until the end of the project and reimbursement takes much longer to receive. These two large FEMA projects are too large for the city to fund using local cash on hand. The city will continue to fund all other project using local cash on hand as recommended in the project workshop meeting.

The administration is recommending to the city council to get a grant anticipation loan to fund this project. This is a short-term municipal bond, which is generally one year with an option to renew for another year. The FEMA reimbursement check will pay off the loan once it is received by the city (non-local share amount or 95% of the project costs). Interest on the loan to fund a FEMA project worksheet may be eligible for reimbursement as part of the project worksheet.

The first step is to get our bond attorney and financial advisor engaged so they can start preparing options for the city. This way this is ready to go once we receive approval from FEMA. The actual municipal bond will come to the city council for consideration once that is ready and FEMA has approved the increased project worksheet.