



Request for City Council Committee Action from the Department of Finance

Date: March 29, 2008

To: Ways & Means/Budget Committee

Subject: Reimbursement for 35W bridge collapse

Recommendation: Receive and file this report on the 35W bridge reimbursement process

Previous Directives: None

Prepared by: Maren Anderson, 612-673-2413

Approved by: Patrick Born, CFO and Steven Bosacker, City Coordinator

Presenters in Committee: Heather Johnston, Director, Management & Budget

Reviews

- Permanent Review Committee (PRC): Approval ___ Date _____
- Civil Rights Approval Approval ___ Date _____
- Policy Review Group (PRG): Approval ___ Date _____

Financial Impact

- No financial impact

Supporting Information

This report updates the City Council on the status of the City's requests for reimbursement of costs incurred related to the 35W bridge collapse. The City applied to both the Federal Emergency Management Agency and the Federal Highway Administration for reimbursement of costs related to the 35W bridge collapse.

Federal Emergency Management Agency (FEMA)

The City claimed \$3.9 million in direct expense to FEMA. FEMA deemed \$2.889 million eligible for reimbursement. To date, the City has received \$2.991 million including \$39,716 in administrative costs due to the City under FEMA policy. The State of Minnesota reimbursed the City for the required 25% match. The City has not received a response for \$18,000 of expense which was submitted in November.

FEMA reduced the requests by \$83,000, which is not eligible for appeal. Approximately \$50,000 was due to FEMA policy not to reimburse equipment purchases at 100%. Salvage value of the equipment is not paid, even when the equipment is purchased specifically for the disaster. ATV and camera salvage value totaled \$50,000. Additionally, FEMA denied \$17,000 for City towing costs to remove empty vehicles from the bridge after the collapse

because it was not deemed an emergency. The remaining reductions were for City requests that FEMA determined fell out of their guidelines for reimbursement.

FEMA denied a total of \$929,000 in requests, including \$870,000 for police pension costs and \$149,000 for response costs incurred by the City of St. Paul. The City has appealed each of these denials and is waiting for a response. The appeal is being considered by the FEMA Regional Office in Chicago, Illinois.

All FEMA requests were submitted by November 20, 2007. FEMA orally denied the pension and mutual aid requests in November 2007. The Minnesota Department of Homeland Security recommended that the City use this denial as the basis for any appeal, which was submitted on February 25, 2008.

Federal Highway Administration (FHWA)

The City's request to the Federal Highway Administration for assistance is through the FHWA Emergency Relief (ER) program. On August 17, based on preliminary planning, the City submitted a list of requests that fell into two general categories, those related to transportation system management strategies and those related to repair and restoration of roads to pre-disaster condition (*i.e.* roads affected either because of detoured traffic or related to new I35W bridge construction activities). The August 17 submittal included a preliminary cost estimate of \$58 million. Of the \$58 million, about \$13 million was related to transportation system management (including Traffic Control Agents), and about \$45 million was related to restoration of road surfaces. The FHWA responded to our submittal with a comprehensive written request for additional information, followed by several informational meetings facilitated by the Minnesota Department of Transportation (MnDOT). It was apparent early in the process that the City needed to provide before and after traffic volume counts to establish the road system that was being used as detour routes due to the I35W bridge collapse. That time-consuming data collection is now complete.

Over the past months the City has been submitting additional information and meeting with FHWA and MnDOT to discuss system management strategies. As a result, the original list of submitted requests is being revised to identify projects by site rather than function. Also as a result of the meetings, the amount of requests and cost estimates related to those requests are being refined to increase the chances of successful eligibility determinations by FHWA.

For the submittals related to road surface restoration, we have subsequently provided more detailed and refined cost estimates. These new cost estimates are reducing the original \$45 million to about \$43 million. Because one factor in the final determination by FHWA will be the condition of the detour street system when I35W reopens, further discussion and refinement of these requests will continue until 2009.