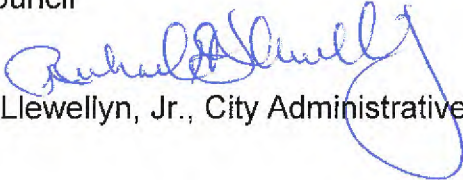


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0100-00438-0026

Date: September 18, 2018

To: The City Council

From:  Richard H. Llewellyn, Jr., City Administrative Officer

Subject: **DISASTER ASSISTANCE TRUST FUND ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Recommendation

That the City Council note and file the Disaster Assistance Trust Fund Annual Financial Report for the fiscal year ended June 30, 2018.

Summary

In accordance with Chapter 3, Division 8, Article 9.6, Section 8.72.1 (J) of the Los Angeles Administrative Code, the Office of the City Administrative Officer (CAO) prepared and submits herewith the required annual financial report regarding the Disaster Assistance Trust Fund (DATF) for the fiscal year ended June 30, 2018.

The DATF is administered by the CAO. All grant funds received for disaster relief public assistance are deposited in the DATF. During Fiscal Year 2017-18, the CAO administered ten (10) active disaster recovery programs and two (2) pre-disaster mitigation grants. Total revenues received during Fiscal Year 2017-18 amounted to \$4,239,472, including \$227,910 in interest earned on the fund balance.

Transfers and expenditures in the amount of \$4,395,472 were made for the purposes set forth in the grant programs during Fiscal Year 2017-18, including grant reimbursements received in prior fiscal years that were not previously transferred.

Fiscal Impact Statement

There will be no impact on the General Fund or other City funds as a result of adoption of the recommendation of this report.

RHL:HS:03190011c

Attachments

**DISASTER ASSISTANCE TRUST FUND
ANNUAL FINANCIAL REPORT TO THE CITY COUNCIL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

CITY OF LOS ANGELES

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

RICHARD H. LLEWELLYN, JR., CAO

Patricia J. Huber, Executive Officer

Submitted by:

Melissa C. Krance
Chief Administrative Analyst

Heather Smith
Administrative Analyst II

The Office of the City Administrative Officer (CAO) is required to prepare and submit an annual report to the Los Angeles City Council on the results of operations of the Disaster Assistance Trust Fund (DATF), in accordance with the provisions of the Los Angeles Administrative Code (LAAC), Section 8.72.1 (J).

BACKGROUND

In December 1990, the DATF was created by Ordinance No. 166519, adding Section 8.72.1 (J) to Article 9.6 of Chapter 3 of Division 8 of the LAAC to meet accounting requirements for federal and state disaster assistance programs. The DATF designated as "Fund 872" in the City's Financial Management System is a Special Revenue Fund.

The primary enabling legislation for the disaster assistance program is Public Law (P.L.) 100-707 the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 as amended by the Disaster Mitigation Act of 2000 (P.L. 106-390) and the California Disaster Assistance Act (CDAA). Title 44, Code of Federal Regulations, Part 206 implements PL 100-707. California Code of Regulations Title 19, implements the CDAA.

SUMMARY

The CAO administered ten (10) active disaster recovery programs and two (2) pre-disaster mitigation grants in Fiscal Year 2017-18, as follows:

Disaster Recovery Programs:

- 2013 July Inyo Storms;
- 2010 January Winter Storms;
- 2009 Station Fire;
- 2007 Griffith Park Fire;
- January 2017 Storms;
- Late January 2017 Storms;
- 2017 La Tuna Fire;
- 2018 Creek Fire- Los Angeles;
- 2018 Skirball Fire; and
- 2017 Creek/Skirball Fire

Pre-Disaster Mitigation Grants:

- 25th Street Drainage Improvement; and
- 2016 Local Hazard Mitigation Plan Update

The total aggregate amount of federal and state disaster assistance grants received during Fiscal Year 2017-18 is \$4,239,472 (Schedule 1). During Fiscal Year 2017-18 the DATF earned \$227,910 in interest on the fund balance (Schedule 2). This amount is included in the \$4.2 million total receipts from all sources.

During Fiscal Year 2017-18, transfers to City departments, proprietary departments, and the General Fund totaled \$4,395,434 (Schedules 3 - 4). These are reimbursements for emergency and facility repair costs incurred by departments and allowed by federal and state agencies. The DATF reimbursed a total amount of \$284,763 to the General Fund in Fiscal Year 2017-18 for the CAO's administrative costs. The balance of \$4,110,671,

reimbursed the Bureau of Sanitation's Landfill Closure and Post Closure Fund (\$483,793), Solid Waste Resources Fund (\$142,383), and Sewer Construction and Maintenance Fund (\$3,330,254), and the Department of Water and Power's Power Division (\$154,241). Transfers include receipts from prior years not transferred in those fiscal years due to timing differences between receipt of funds and collection of required documentation.

The Federal Emergency Management Agency (FEMA) applies an administrative allowance to each Project Worksheet (PW) approved prior to November 13, 2007 based on a sliding scale of percentages up to a maximum of 3.5 percent applied to the net eligible costs. However, effective November 13, 2007, FEMA no longer pays for administrative allowance based on the associated expense percentages as allowed under the Stafford Act. The Disaster Mitigation Act of 2000 (PL 106-390) amended the Stafford Act by adding Section 324 "Management Costs." For events on or after November 13, 2007 the recovery of project costs are based on management cost rates established by FEMA. The State of California Office of Emergency Services (CalOES) applies a fixed administrative allowance of ten percent to the state share of approved PWs. The administrative allowance is intended to help with the costs of requesting, obtaining and administering federal and state disaster assistance grants. Typical items that fall under the category of administrative allowance include costs for audits, consultants, bookkeepers, grant administrators, legal services and executive management. The DATF received \$163,181 in federal and state administrative allowances in Fiscal Year 2017-18. This amount is included in the \$4.2 million total receipts from all sources.

During Fiscal Year 2017-18, the City successfully closed one (1) legislative pre-disaster mitigation disaster grant program. This is the 25th Street Drainage Improvement Project. Final payment for the 25th Street Drainage Improvement Project in the amount of \$500,000 was received on March 18, 2018. CalOES completed a financial reconciliation and application closure and an audit waiver letter was issued on January 5, 2018.

The schedules on the following pages provide the summary and detail of receipts and transfers in the DATF during the fiscal year, presented in the following order:

Schedule 1	Grant Receipts
Schedule 2	Detail of Interest Received
Schedule 3	Transfers to Departments/Expenditures
Schedule 4	Percentages of Transfers by Department or Fund
Schedule 4	Percentages of Transfers by Disaster Event

2017-18 GRANT RECEIPTS

Disaster assistance grant funds received from the Federal Emergency Management Agency(FEMA) for the following events:

1994 Northridge Earthquake	\$ 1,498
January 2017 Storms	760,604
Late January 2017 Storms	1,758,021
Pre-Disaster Mitigation Grant for 25th St. Drainage Improvement	500,000
<i>Total FEMA grant funds received</i>	<u>\$ 3,020,123</u>

Disaster assistance grant funds received from the State of California for the following events:

2017 Creek/Skirball Fire	\$ 337,091
January 2017 Storms	209,166
Late January 2017 Storms	445,182
<i>Total State grant funds received</i>	<u>\$ 991,439</u>

Summary:

Total Grant Funds Received from FEMA	\$ 3,020,123
Total Grant Funds Received from the State of California	991,439
Total Federal and State Grant Funds Received	<u>4,011,562</u>
Add: Interest earned on DATF Balance	227,910
Total Receipts from all Sources	<u>\$ 4,239,472</u>

Amounts rounded to the nearest dollar

SCHEDULE NO. 2

2017-18 DETAIL OF INTEREST RECEIVED

<u>Period</u>	<u>Amount Received</u>
July 2017	\$ -
August 2017	31,938.60
September 2017	42,780.65
October 2017	17,963.64
November 2017	17,904.22
December 2017	14,647.34
January 2018	7,380.65
February 2018	23,230.24
March 2018	14,799.19
April 2018	7,990.46
May 2018	19,738.21
June 2018	29,536.99
Total	<u>\$ 227,910.19</u>

2017-18 TRANSFERS TO DEPARTMENTS/EXPENDITURES

<u>Event</u>	<u>Department/Fund/Purpose</u>	<u>Amount Transferred</u>	<u>Total</u>
Administrative Allowances Allocation to the CAO	City Administrative Officer/ General Fund Reimbursement	\$ 284,763	\$ 284,763
2010 December Severe Storms	Department of Water and Power/ Power Division Reimbursement	24,589	24,589
2010 January Winter Storms	Department of Water and Power/ Power Division Reimbursement	129,652	129,652
2008 Sesnon/Marek Fire	Public Works-Sanitation/ Landfill Closure and Post Closure Fund Reimbursement	483,793	
	Public Works-Sanitation/ Solid Waste Resources Fund	142,383	626,176
1994 Northridge Earthquake	Public Works-Sanitation/ Sewer Construction and Maintenance Fund Reimbursement	3,330,254	3,330,254
Total transfers			<u>\$ 4,395,434</u>

Amounts rounded to the nearest dollar

2017-18 PERCENTAGES OF TRANSFERS BY DEPARTMENT OR FUND

<u>Department or Fund</u>	<u>Amount Transferred</u>	<u>Percent of Total</u>
City Administrative Officer	\$ 284,763	6.48%
Department of Water and Power/Power Division	154,241	3.51%
Public Works-Bureau of Sanitation	3,956,430	90.01%
Total	<u>\$ 4,395,434</u>	<u>100.00%</u>

PERCENTAGES OF TRANSFERS BY DISASTER EVENT

<u>Disaster Event</u>	<u>Amount Transferred</u>	<u>Percent of Total</u>
Administrative Allowances	\$ 284,763	6.48%
2010 December Severe Storms	24,589	0.56%
2010 January Winter Storms	129,652	2.95%
2008 Sesnon/Marek Fire	626,176	14.25%
1994 Northridge Earthquake	3,330,254	75.77%
Total	<u>\$ 4,395,434</u>	<u>100.00%</u>

Amounts rounded to the nearest dollar

Sources:

Statement of Revenue and Expense June 30, 2018

Statement of Condition of Appropriation-Detail June 30, 2018

CAO Cash Receipts and Disbursements Ledger June 30, 2018