



January 7, 2021

Board of Directors
Ventura Regional Sanitation District
Ventura, California

CONSIDER AND APPROVE OF AN AGREEMENT ON THE SUBROGATION AND ASSIGNMENT OF CLAIMS ARISING OUT OF THE THOMAS FIRE AND SANTA BARBARA MUDFLOWS WITH THE CALIFORNIA GOVERNOR'S OFFICE OF EMERGENCY SERVICES

RECOMMENDATION

Approve, and authorize the Board Chairperson to sign, the Agreement on the Subrogation and Assignment of Claims Arising out of the Thomas Fire and Santa Barbara Mudflows (the Agreement) with the California Governor's Office of Emergency Services.

FISCAL IMPACT

Expected fiscal impacts to this action are nominal in that any funding recovered by the State of California Attorney General will be forwarded to those parties which provided funding to VRSD. The nominal cost that VRSD will incur are staff and General Counsel costs.

BACKGROUND

The Thomas Fire in December 2017 resulted in VRSD's receiving funds from the Federal Emergency Management Agency (FEMA) through the California Governor's Office of Emergency Services (Cal OES).

According to Federal and State Regulations, VRSD is required to seek reimbursement from the party responsible for its damages associated with FEMA funding received. Then it must return the recovered funds to FEMA through Cal (OES).

VRSD was requested to enter into the Agreement by the State of California Attorney General's Office. By entering into this agreement VRSD will transfer its claim rights to the State with regard to recovery of FEMA funding received from culpable parties, and the state will pursue the recovery of this funding from the culpable parties.

By signing the Agreement, VRSD will be relieved of its statutory obligation to seek reimbursement from culpable parties for FEMA funds received.

A summary of the losses that VRSD sustained as a result of the Thomas Fire and the amount of funding received from both insurance reimbursements and FEMA is shown below.

(a) Overview of Thomas Fire Losses Incurred by VRSD:

VRSD sustained \$2,020,445 in damage-related expenses, including the following losses:

- three water tanks and 6,000 feet of water line
- a mobile home structure that served as a storage facility
- truck scale
- hundreds of feet of fencing (wire and split-rail)
- a section of landfill liner
- 2,000 feet of drainage pipeline
- 9,000 feet of landfill gas pipeline
- a radio tower and other telecommunications equipment
- fire debris clean-up

(b) Emergency Financial/Insurance Sources:

VRSD filed a claim through its property insurance carrier and also applied for federal and state assistance through the Federal Emergency Management Agency (FEMA) and the California Office of Emergency Services (CalOES). The insurance claim yielded a settlement of \$1,730,310, and an additional \$161,350 was received from FEMA/CalOES. There is an additional \$240,764 pending FEMA review.

(c) Amount of Loss Incurred Not Covered by Insurance or Emergency Financial Sources:

As of this date, VRSD's exposure is as follows:

Total Expenses:	\$2,020,445
Total Payments:	\$1,891,660
Difference:	\$ 128,785


Pending Review: \$ 240,764

Once the FEMA /Cal OES application reaches the close-out stage, an analysis of payments received may result in VRSD having to repay a portion of the FEMA/Cal OES payments if they are identified as duplicate reimbursement to insurance coverage. This is standard FEMA procedure. Staff is working on that analysis.

This letter and the associated contract have been reviewed by Legal Counsel as to form.

If you have any questions or need additional information, please contact me by phone at (805) 568-4600 or via email at ChrisTheisen@vrzd.com

CHRIS THEISEN, GENERAL MANAGER

APPROVED FOR AGENDA: 
Chris Theisen, General Manager

Attachments: 1. Agreement on the Subrogation and Assignment of Claims Arising out of the Thomas Fire and Santa Barbara Mudflows