

City of Springfield
36 Court Street
Springfield, MA 01103



Finance Department

To: Mayor Sarno
From: TJ Plante, Finance Director
Date: September 27, 2011
Re: Tornado Budgets - Update
Cc: Lee Erdmann, CAFO; Steve Lonergan, Treasurer; Pat Burns, Comptroller

Purpose: The purpose of this memo is to provide an update on the Tornado budgets for departments and proposed next steps in the process. Since the Tornado on June 1, 2011, the following actions have been taken in regards to the City's finances:

June:

- Deficit spending authorized by the Council.
- Segregated fund established in MUNIS to capture tornado costs.
- Budget request to Departments for tornado budget estimates.
- Guidance memo for submitting budgets, budget adjustments and tracking time in TLM issued to departments.
- Guidance memo for tracking debris removal costs issued to departments.

July:

- Project worksheet roadmap developed to list FEMA projects, a brief scope of work and to designate the FEMA work category; this work will serve as the roadmap that the City will use to develop project worksheets for submittal to FEMA for reimbursement (42 unique projects identified).
- City Cash flow analysis initiated based on departmental budget submissions and assumptions around reimbursement timing. This analysis continues to be updated as actual expenditures occur.
- Project list of 9 waterway projects developed for Natural Resources (NRCS) projects; 5 projects approved and completed; request for reimbursement of 75% of cost submitted to NRCS on 1 project; reimbursement requests for 2 other projects ready to send; waiting on final invoices for last 2 projects to submit reimbursement requests.

August:

- August – Contract with O'Briens completed for assistance in developing project worksheets to maximize reimbursement from FEMA, Federal Highways (FHWA), and Natural Resources (NRCS).
- August – Meeting with FHWA to show tracking of federal roads and to receive application forms; still waiting for official FHWA program authorization.

September:

- 20% verification of debris removal documentation being completed by FEMA & Finance – this effort helps ensure overbilling did not take place and protects the City’s FEMA financial assistance in the event of an audit in the future. The City has also received help from the Regional Employment Board, providing two temporary part-time employees to help organize this data, all at no cost to City.
- City officials met with members of the Division of Local Services to explore cash flow options.
- At the request of Mayor Domenic J. Sarno, The Mayor and City officials met with the Federal Coordinating Officer (FCO) of the New England Region to discuss reimbursement timelines.

Other:

- Weekly – Budget and expenditure summaries completed for Mayor and Finance
- Weekly – Meetings with FEMA to discuss operational issues and project worksheet formation.
- Ongoing – Site inspections completed by FEMA for project worksheet development.
- Ongoing – Budget updates based on official quotes and contracts entered into MUNIS.

Budget Summary: Departments submitted initial budget estimates to Finance after the storm occurred and have been continually updating the amounts as new information is learned. Below is a summary of the budget submissions and spending to date:

- Total **budgets estimated** for the storm recovery efforts = \$106.3 million
 - 19 Departments effected
 - Largest budget estimated at DCAC for \$64.9 million (61% of total) which includes both temporary and permanent costs for Brookings, Dryden, SECC, Zanetti, and several Parks.
 - Second largest budget estimated at Community Development for \$17.7 million (17% of total) for City owned and acquired property demolishing and boarding and securing through Code Enforcement.
 - Third largest budget estimated at DPW for \$16.0 million (15% of total) for debris removal, monitoring of debris removal and infrastructure repair.
 - Remaining 7% is for emergency response across several departments including but not limited to Police, Fire, Dispatch, HHS, and 3-1-1.
- Total **budgets loaded** into MUNIS based on work in progress = \$26 million
 - DCAC has \$9.1 million loaded for demolition of Dryden, securing several locations, portable classrooms, and all associated utility work for the portables.
 - DPW has \$9 million loaded for debris removal and associated monitoring.
 - The remaining is emergency work across several departments including the initial budget load for demolitions.
- Total **spending** as of 9/27/2011 = \$9.6 million
 - DPW has spent \$6.5 million for debris removal and associated monitoring.
 - Almost \$1 million was spent by Development, mostly related to inspections, demolition and securing properties.
 - DCAC has spent \$1 million for site preparation for portable classrooms at Dryden and Brookings Schools.
 - The remaining pertains to emergency response (mainly Police OT).

Department	TOTAL ESTIMATED BUDGETS (reviewed 9/14)	Budgets Loaded as of 9/27/11	Spending As of 9/27/11	Encumbered As of 9/27/11
3-1-1 Call Center	4,203	\$4,203	\$4,203	50
Assessors	4,487	\$4,487	\$4,487	50
Treasurer	2,000			
Law	77,870	\$77,870	\$1,745	50
IT	386	\$386	50	50
Community Development	17,744,050	\$2,553,500	\$989,053	\$1,016
Facilities	973,716	\$203,716	\$14,106	\$60,395
DCAC	64,185,357	\$12,431,299	\$1,035,372	\$10,815,770
Police	902,662	\$906,123	\$821,605	\$83,381
Fire	70,058	\$107,135	\$70,058	50
Building Code	41,776	\$45,777	\$31,454	50
Housing Code	16,162	\$16,162	\$27,848	50
Dispatch	809	\$2,400	\$809	50
TJO	9,080	\$9,081	\$9,080	50
Schools	117,877	\$118,877	\$60,839	\$5,000
DPW	16,939,000	\$9,021,966	\$6,468,851	\$1,884,207
HHS	5,933	\$5,933	\$5,933	50
Elders	6,792	\$4,127	\$4,127	50
Parks	5,100,282	\$550,281	\$110,758	\$111,855
TOTAL	106,202,501	26,063,323	9,660,327	12,961,625
				22,621,952

Next Steps: The following steps have been identified and are currently in progress. We expect additional information and details as the weeks progress.

- Update budgets and summary weekly to reflect operational work progress.
- Update cash flow analysis based on actual spending and projected reimbursement timelines; note that to date the spending and reimbursement timeline has not been established however we are working closely with FEMA to expedite cash flow to the City however it may be a slow process. Based on current estimates, cash flow should not be adversely affected until late this calendar year; this is subject to change based on the actual expenditures and reimbursement schedule.
- Develop plan for addressing deficit spending prior to setting the tax rate in November which may include:
 - Expedited State Aid distribution
 - Expedited FEMA reimbursement
 - Short term borrowing*
 - Borrowing from other City cash (reserves)*

***NOTE: Short term borrowing and borrowing from City cash reserves will be considered as a last resort if FEMA reimbursements are not received in a timely manner**