



Office Of The City Manager

Date: May 2, 2017

To: Honorable Mayor and Members of the City Council

From: ~~DW~~ Dee Williams-Ridley, City Manager

Subject: Status Update on Berkeley Tuolumne Camp Reconstruction and Recreation Program Scholarships

The purpose of this memo is to brief Council on the Berkeley Tuolumne Camp reconstruction, and in particular, the City's ongoing negotiation with insurance and the Federal Emergency Management Agency (FEMA), the primary funders of the reconstruction of Berkeley Tuolumne Camp (BTC). In addition, this memo provides information about camp and recreation program scholarships and outreach efforts.

Staff estimates the total cost to rebuild Berkeley Tuolumne Camp to be \$54 million and that insurance and FEMA grant funds will pay \$50.7 million of these costs. Staff is negotiating with insurance and FEMA over scope and coverage to maximize this funding. FEMA grant funding is dependent on City contribution of its local cost share. On April 4, 2017, Council approved an allocation of \$3.3 million from the General Fund Catastrophic Reserve to fund the City's share of costs to reconstruct BTC. Current timelines show reconstruction of BTC will begin in FY 19 and be complete in FY 21.

BACKGROUND

BERKELEY TUOLUMNE FAMILY CAMP AND THE CALIFORNIA RIM FIRE

Since the 1920s, the City of Berkeley has operated the Berkeley Tuolumne Camp (BTC) in the Stanislaus National Forest through a special use permit with the United States Forest Service (USFS). In August, 2013, the California Rim Fire destroyed most of the structures at BTC. The fire was declared a federal disaster, which means the rebuilding of BTC qualifies for Public Assistance Grant funding from the Federal Emergency Management Agency (FEMA).

Prior to the fire, BTC served about 4,000 campers per year. Primarily operated as a family camp, BTC also offered teen leadership programs, adult hiking camps, and private group rental opportunities. Berkeley Tuolumne Camp was the primary source of revenue for the City's Camps Enterprise Fund (Fund 330), which funds all Berkeley camp programming. Revenues from BTC supported the operation, maintenance, capital improvements and scholarships for other City camp programs, including the locally operated Berkeley Day Camp.

INSURANCE

The structures at Berkeley Tuolumne Camp are covered by the City's property insurance policy. Insurance is the first and primary means of cost recovery. The City's insurance will cover the replacement cost of the destroyed structures, with new materials of like kind and quality, inclusive of increased costs due to local or state ordinance or law. The insurance policy includes coverage of architects and engineer's fees and the reconstruction of BTC to meet modern code. Some coverage for debris removal and demolition is also covered, although the extent of tree removal coverage is in negotiation. Insurance typically does not cover the cost of City staff time.

Insurance coverage and limits applicable to the Berkeley Tuolumne Camp Reconstruction Project (Project) are summarized in Table 1.

Table 1: Insurance Coverage and Limits Applicable to Berkeley Tuolumne Camp Project

Occurrence Limit <i>Coverage limit to restore BTC to pre-fire condition with like materials</i>	\$1,000,000,000 ¹
Business Interruption <i>Loss of income due to the fire</i>	\$500,000
Code Upgrades <i>Increased cost of construction due to building codes, ordinance or law</i>	\$25,000,000
Claims Preparation Expenses	\$1,000,000

¹ The insurance adjuster's current estimate to complete debris removal and the design, permitting, and construction of BTC to pre-fire condition with like materials without reference to current building code requirements is approximately \$6,600,000.

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FEMA PUBLIC ASSISTANCE GRANT FUNDING

The California Office of Emergency Services (CalOES) administers the FEMA Public Assistance grant program. FEMA/CalOES considers the Project cost the total of eligible costs less insurance payments (referred to as the “FEMA Project”). FEMA will reimburse the City 75% and CalOES will reimburse 18.75% of the total FEMA Project. The City is obliged to pay the remaining 6.25% as a local cost share. In addition, the City must comply with all federal and state regulations regarding grant funding, which requires development and implementation of multiple project-specific procedures and policies, such as procurement, accounting, contract and document management. FEMA/CalOES does not pay for City staff costs directly attributable to the eligible reconstruction project.

COST RECOVERY

FEMA Public Assistance Grant funding requires the City to recover as much of the Project costs as possible from its insurer. The insurance policy’s exclusions and limits mean that additional funds are necessary to fully cover the Project. The remaining eligible costs after application of all insurance proceeds is the “FEMA Project”.

In general, both insurance and FEMA/CalOES consider costs eligible if they are directly associated with the emergency actions required due to the Rim Fire, or with restoring BTC to its pre-fire condition. Re-vegetation is generally not covered by either insurance or FEMA/CalOES, with some exceptions.

Any changes to the pre-fire (‘as-was’) condition are considered “improvements”. Cost recovery for improvements depends on their justification.

- Code/Ordinance: Improvements required by state or local code or ordinance in place and enforced at the time of the fire are eligible for reimbursement by both FEMA/CalOES and insurance. Improvements required by federal code or law may be eligible for reimbursement by FEMA/CalOES, but may not be covered by insurance.
- Hazard Mitigation: Improvements that mitigate future hazard damage, such as flood proofing, may be eligible for reimbursement by FEMA through a Hazard Mitigation grant. If the improvement is also required by code it is categorized as a Code/Ordinance improvement, not a hazard mitigation.
- Value Engineering: Value engineering during detailed design may lead to changes to the pre-fire facility. FEMA generally supports value engineering and may classify these costs as eligible with enough documentation.
- Programmatic: The City may opt to improve pre-fire structures or construct new structures as part of the Project. Costs for this category of improvement are not recoverable from insurance, and are excluded from the “FEMA Project”.

CURRENT STATUS**BERKELEY TUOLUMNE CAMP RECONSTRUCTION
PROJECT SCHEDULE AND COSTS**

Conceptual design for the Project is complete. Public scoping, the first step of National Environmental Protection Act (NEPA) and California Environmental Quality Act (CEQA) compliance was completed in October, 2015. City staff are working closely with the USFS to complete NEPA, which is required prior to finalizing the Special Use Permit for BTC. The City will complete CEQA compliance and obtain all permits required prior to the reconstruction of BTC. Detailed design is anticipated to begin in the fall of 2017 and construction of BTC to begin in spring, 2019.

Figure 1: BTC Project Schedule

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debris Removal		Green							
Concept Design			Purple						
NEPA / CEQA				Dark Green	Dark Green				
Detail Design						Blue	Blue		
Permits							Light Green		
Advertise / Award								Red	
Construct								Yellow	Yellow

The total estimated cost of the BTC reconstruction Project is just over \$54,000,000 as shown in Table 2 below.

Table 2: Berkeley Tuolumne Camp Est. Reconstruction Budget

	Total Costs
Debris Removal and Cleanup	\$998,305
Design & Permitting	\$10,067,643
Construction & Closeout	\$42,948,946
Sub-Total	\$54,014,894
Less Insurance, CAL OES and FEMA Reimbursements	-\$50,713,098
City of Berkeley Cost Share	\$3,301,797

It is estimated that approximately \$50,700,000 of this total will be paid for by insurance and FEMA Public Assistance Grant funding. Grant funding is dependent on City contribution of its local cost share. On April 4, 2017, Council approved allocation of \$3,300,000 from the City's Catastrophic Reserve to fund the reconstruction of BTC.

The City cost share estimate of \$3.3 million is based on assumptions regarding future insurance proceeds and the eligibility of project elements for Public Assistance Grant funding. Additional proceeds from insurance or donations to the City for the Project may result in a lower City cost share.

COST RECOVERY - INSURANCE

The City has received \$7,214,904 from insurance to date. Table 3 provides a summary of what these payments cover.

Table 3: Insurance Payments to Date

Business Interruption	\$ 500,000*
Staff Property	\$ 72,005
Debris Removal	\$ 260,886
Permit Fees	\$ 135,582
Design	\$ 650,795
Construction Cost Estimate	\$ 5,121,535
Inventory	\$ 474,101

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**Insurance payment for business interruption losses capped at \$500,000 due to policy limits, see Table 1*

The \$500,000 business interruption payment has been used to replenish the balance of the Camps fund. The remainder of the insurance payments are only being spent on costs directly associated with BTC reconstruction.

With the exception of the business interruption payment, insurance payments are based on a cost estimate for reconstruction made by the insurance company. This cost estimate does not include extra costs for upgrades required by code, ordinances, etc. and is called the ‘as was’ cost estimate. An accurate ‘as-was’ cost estimate and associated payment is a critical element of City cost recovery. A cost estimate for increased construction costs due to the enforcement of state and local laws, codes and ordinances has not been made but reimbursement for such costs are capped at \$25,000,000.

COST RECOVERY – FEMA PUBLIC ASSISTANCE GRANT FUNDING

Public Assistance Grants require coordination with insurance funds in order to avoid duplication of benefits. Therefore significant payments from FEMA/CalOES are not expected until later phases of the Project, after insurance negotiations and the Project design have advanced. FEMA may advance funds based on assumed insurance payments in some circumstances. Given that there are coverage limits and that insurance negotiations are ongoing, it is critical the City comply with all Public Assistance Grant funding procedures throughout the Project. FEMA/CalOES is currently the only identified funding source for hazardous tree removals at BTC.

Unlike insurance, FEMA/CalOES will reimburse the City for direct administrative staff costs attributable to the eligible Project. The City has implemented supplementary payroll record keeping for the BTC Project in order to sufficiently document and recover costs associated with staff time spent on the Project.

An audit of the City’s ability to manage the Public Assistance Grant was completed by the Department of Homeland Security (DHS) in June, 2016. The audit provided specific recommendations for improvements to City procedures to comply with Grant requirements. City staff are working closely with FEMA and CalOES grant managers to ensure all BTC Project activities are compliant with the Public Assistance Grant requirements.

COST RECOVERY NEGOTIATIONS

City staff is currently meeting monthly with insurance representatives, FEMA and CalOES and as-needed with the US Forest Service. Recent or ongoing developments in these negotiations include:

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- Insurance has agreed to cover the cost of a new City Project Manager for the BTC reconstruction. Although typically insurance will not reimburse City staff time, given the size and complexity of the Project insurers agreed to reimburse the City for the BTC-directed salary and benefits of a Capital Improvement Program Manager position. This position was filled in January, 2017.
- The City will release a Request for Proposals (RFP) for a specialist consultant to provide an independent review of the insurance ‘as-was’ cost estimate. An accurate cost estimate is critical to City negotiations and budget.
- An independent estimate for the increased cost of construction due to code, law and ordinance compliance will be made. Most of the changes proposed from the pre-fire condition are due to code and ordinance requirements, so it is expected the increased costs will be significant and may approach the City’s policy limit of \$25 million for these increased costs. This estimate will inform City decisions regarding insurance negotiations as well as Project design.
- The City is negotiating with insurers to make additional up-front payments to support cash flow as the Project progresses. Insurance is currently reviewing a payment request which will provide reimbursement for incurred debris removal and planning costs as well as projected future costs for the City Program Manager position.

NEXT STEPS FOR BERKELEY TUOLUMNE CAMP RECONSTRUCTION

The Project schedule shown in Figure 1 requires the completion of several key steps in the next six – nine months, including:

- Competitive solicitation and award of contracts for the completion of insurance as-was and reconstruction cost estimates and detailed Project design.
- Amending the Planning Contract to include design transition, permit applications, and additional technical reports requested by USFS.
- Public Review of NEPA and CEQA Project documentation.
- Continued close coordination with USFS, insurance, and state and federal FEMA grant administrators to maximize City cost recovery.

BERKELEY TUOLUMNE CAMP ATTENDANCE COST

During the April 4, 2017 Council Worksession describing Parks, Recreation and Waterfront Capital Improvement Projects, several Council members requested information regarding the cost of attending Berkeley Tuolumne Camp. BTC is the home of many programs, including: Berkeley Tuolumne Family Camp, 50+ Camp, Fish Camp, Teen Leadership Weekend, Berkeley Unified School District (BUSD) BEARS Program Weekend, a Very Special Family Camp Weekend, and private group rentals. Including all of these programs, a total of 4,275 campers attended BTC in 2013.

The cost of attending Berkeley Tuolumne Camp for these various programs is summarized in Table 4.

Table 4: Cost of Berkeley Tuolumne Camp for Residents (2013)

Family Camp Price for a family of four: 2 adults, 1 youth and 1 child	\$331 / day
50+ Camp Price for a single adult	\$44.40 / day
Fish Camp Price for a family of four: 2 adults, 1 youth and 1 child	\$204 / day
Teen Leadership Weekend Price for a single teen age 13-17	\$12.50 / day
Berkeley Unified School District BEARS Program Weekend Price for a family of four: 2 adults, 1 youth, and 1 child	\$131 / Day
Counselor in Training Camp Price for a single teen age 14-15	\$19.13 / day
A Very Special Family Camp Weekend Price for a family of four: 2 adults, 1 youth and 1 child	\$121 / day

Depending on the specific programming, this cost generally includes:

- Lodging;
- All meals and accommodation of dietary restrictions (vegan, lactose or gluten free, etc.). Every meal included hot entrée and salad bar (lunch and dinner). Coffee, hot chocolate, cereal, fruit and sandwiches available at any time;
- Swimming with certified lifeguards;
- Materials and instruction in arts and crafts for all ages (ceramics, tie-dye, sculpture, lanyard making, etc.), including artist in residence program;
- Guided hikes and archery;
- Childcare provided at various times throughout the day for ages 2 through 12+;
- Access to all facilities including sauna, library, nature center, fish kitchen;
- Special Events: special theme days with themed meals and activities, talent show, bingo night with prizes, staff show, campfire and s'mores, etc.

CAMP AND RECREATION SCHOLARSHIPS AND REDUCED FEE PROGRAMMING

At the April 4, 2017 Council Worksession, Council and the public also expressed interest in the City's Camp and Recreation scholarship programs and outreach efforts.

The City awards scholarships to every applicant who meets the eligibility requirements, which include Berkeley residency. Income eligibility is based on the Federal Low Income

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guidelines², and fee reduction is generally a 50% reduction in fees, though 100% fee waivers are also available.

Berkeley Tuolumne Camp (2013)

The City supported access to Berkeley Tuolumne Camp for low income residents through direct scholarships and reduced cost (subsidized) special programs.

In 2013, \$13,006 was provided in direct scholarships to 81 campers at Berkeley Family Camp. Additionally, the “reduced fee” programming offered at Berkeley Tuolumne Camp in 2013 included Teen Leadership Program Weekend, Very Special Family Camp Weekend, and Berkeley Unified School District BEARS Program. A total of 207 at-risk or disabled youth were served at these programs. In 2013, the Friends of Berkeley Tuolumne Camp donated \$6,213 to partly fund the BUSD BEARS Program.

Echo Lake Camp (2016)

Since the closure of BTC, Family Camp and “reduced fee” Camp programming has occurred at Echo Lake Camp. In 2016, Echo Lake Camp provided a total of \$8,015 in direct scholarships to an estimated 35 Camp attendees. The “reduced fee” programming offered at Echo Lake Camp in 2016 included Family Camp, Youth Camp, Counselors in Training programs, Teen Leadership and Pre-K Weekends. The total cost of these programs was \$20,105, and a total of 146 low income or at-risk teens, youth, children and adults attended. In 2016, the Berkeley Echo Lake Camp Association (BELCA) donated \$4,665 to offset City expenses for these reduced fee programs.

Berkeley Day Camp (2016)

In 2016 the City provided 65 full scholarships, 9 half scholarships, and 2 Counselor in Training scholarships to Berkeley Day Camp attendees. The total cost of these scholarships was \$12,133.

Other Recreation Program Scholarships (2016)

In addition to Camps Fund scholarships at Echo Lake and Berkeley Day Camps, the City Recreation Division provides a significant number of scholarships to other programs operated out of the General Fund within the City. In 2016, the City awarded more than 800 scholarships totaling \$84,852 in scholarship funds to participants in Arts Discovery, Explorers Camp, Sports & Games Camp, Swim Lessons, Therapeutic Recreation, Skate Camp, Tennis, Youth Baseball, and Marine Biology Programs.

² In 2016, the Federal Low Income Guidelines at a Gross Income of below \$48,750 for a family of four (HUD, Updated 4/8/15)

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In 2016, 54% of the program participants in Live Oak's Sports & Games Program, James Kenney's Explorer's Camp, and Frances Albrier's Arts Discovery Camp programs attended under a full or partial scholarship.

OUTREACH

Outreach for Camp and Recreation programming includes:

- Description of Camp and Recreation programming in the summer activity guide sent to all Berkeley residents;
- Activity Guide and camp flyers provided to all BUSD school children;
- Online advertising;
- Visits by the Camp Manager and other staff to present at community meetings and teen leadership meetings on the Teen Leadership Program opportunities;
- Print advertising: Parent's Press, Berkeley Time, brochures and flyers, etc.; and
- Staff participated in school, career and summer activity fairs (e.g. Rosa Parks Elementary Summer Resource Fair, BUSD Career Day).

cc: Jovan Grogan, Deputy City Manager
Ann-Marie Hogan, City Auditor
Scott Ferris, Director, Parks, Recreation & Waterfront
Christina Erickson, Deputy Director, Parks, Recreation & Waterfront
Mark Numainville, City Clerk
Matthai Chakko, Assistant to the City Manager / Public Information Officer