

# County of Santa Clara

Office of the County Executive

County Government Center, East Wing  
70 West Hedding Street  
San Jose, California 95110  
(408) 299-5105



**DATE:** May 3, 2023

**TO:** Honorable Board of Supervisors  
Jeffrey V. Smith, County Executive

**FROM:** Gregory G. Iturria, County Budget Director  
Maria Öberg, County Controller-Treasurer

**SUBJECT:** FEMA Reimbursement Process Off-Agenda Report

On February 7, 2023 (Item No. 8), the Board of Supervisors received a report on the Fiscal Year (FY) 2022-2023 Mid-Year Budget that included an initial projection of the FY 2022-2023 fund balance, and the projected status of the FY 2023-2024 General Fund Budget. As a part of the discussion, Supervisor Chavez requested a report relating to the Federal Emergency Management Agency (FEMA) reimbursement process, including information on when reimbursements are included or excluded from the budget.

### *The County's COVID-19 Pandemic Response*

As the safety net for the region, the County has expended approximately \$1,300,000,000 (total cost and encumbrances) through March 3, 2023 on its pandemic response and projects expenditures to reach approximately \$1,400,000,000 by June 30, 2023. It is important to note, however, that the majority of these costs have already been recovered through other revenue sources such as CARES Act, Provider Relief Funds, American Rescue Plan Act and other grants. More details can be found on the County's COVID-19 Revenue and Cost Tracking Dashboards at <https://covid19.sccgov.org/financial-tracking-dashboards>.

### *The FEMA Reimbursement Process*

Requesting reimbursement through FEMA is a multi-step process that also involves the California Office of Emergency Services (Cal OES). To receive reimbursement for costs incurred, the County must first submit a project to Cal OES for an initial review of eligibility. If a project is deemed to be eligible by Cal

OES, the State agency moves the reimbursement request forward to FEMA, who then performs its own detailed review. This review process involves many stages, and the County has no visibility into the timing of FEMA's historically slow processes. Additionally, due to the nationwide nature of the COVID-19 pandemic, FEMA has been overwhelmed with requests for reimbursement, which will only extend their timelines further. If and when a project is finally determined to have met all of FEMA's eligibility criteria, it becomes "obligated," or approved for payment. FEMA will then issue a notice of obligation of funds to the County and also notify Cal OES to initiate the state's close out and funds disbursement process, which is a separate procedure that can also require much time.

Since the pandemic started, the County has submitted 82 projects to FEMA for reimbursement totaling approximately \$580,000,000. To date, the County has been obligated \$62,500,000 in FEMA reimbursements, of which \$55,500,000 has been received thus far.

As previously reported to the Finance and Government Operations Committee, the County, its consultant, Cal OES and FEMA have performed reviews of all projects submitted to FEMA to ensure required documentation is included to support the County's assertion that costs should be deemed eligible by FEMA. Administration, including the Controller-Treasurer Department, meet every two weeks with FEMA and Cal OES staff to assist timely review, resolution, and processing of claims but also to hopefully reduce the amount of future "claw backs" at the time of audit. For work done and costs incurred through July 1, 2022, the eligible reimbursement rate was 100%. On July 2, 2022, the effective cost-share basis became 90%-10% with FEMA providing 90% of eligible costs and the County funding the remaining 10%. While there are no guarantees that the County will receive reimbursement for the claims submitted to FEMA, the County remains optimistic that it will recover at least a significant portion due to the rigorous reviews mentioned above coupled with the higher reimbursement rates (only 75% for other disasters).

#### *The County's Budgeting Practice*

The County anticipates FEMA estimated revenue in the County budget after FEMA obligates federal funding, and if the reimbursement is expected to occur in the fiscal year budget. When the reimbursement is actually received by the County, it is first deposited into a restricted fund for tracking purposes, and then transferred to the General Fund where it is recognized as revenue.

cc: Chief Board Aides

Greta Hansen, Chief Operating Officer

James R. Williams, County Counsel

Tiffany Lennear, Clerk of the Board of Supervisors

Mary Ann Barrous, Agenda Review Administrator

Jason McCluskey, Budget Analyst

Shawn Whiteman, Program Manager II