

# Hornbrook Community Service District Staff Report

**To:** HCS D Board of Directors

**From:** Peter Kampa, General Manager

**Topic:** AGENDA ITEM 3. DISCUSSION AND ACTION ITEMS: d.Update report on the Klamathon Fire system restoration including insurance communications, grants received, restoration and improvement work completed, and upcoming schedule, Disaster Assistance Funding process and timing, tank condition evaluation report, and other related items.

**Board Meeting Date:** September 12, 2018

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## **Recommended Motion:**

*No action required as this is a report item only*

## **Summary:**

On July 16, 2018 the Board authorized the General Manager to take the actions necessary to restore potable water service to the Hornbrook community. A combination of force account (internal) and contract labor was used to demolish and remove burned infrastructure and equipment, temporarily reinstall well piping and controls, and install bypass piping around the destroyed Tank 1.

In addition, the engineering services of Pace Civil, Inc of Redding was secured to conduct an evaluation of the options and estimated cost for renovation of Tank 1, as well as options for restoration of the destroyed Well 2. A structural evaluation of Tank 1 was completed and is attached for information. Based on the structural evaluation, also included are draft engineering plans and the contractor's cost estimate for restoration of the existing tank and well 2; \$630,000 for construction and \$220,000 for design, permits and construction management costs.

We are currently working with our insurance company and Cal OES to determine the final total funding available for the restoration and to determine whether tank restoration will be completed, or if funding for replacement may be made available. It is very likely that the cost for replacement of the tank 1 may be less expensive than its restoration. A meeting with OES was held today.

We have been searching in all known locations for sources of grant funding for the restoration work, and in doing so, received an offer from the Ford Family Foundation to fund the cost of the disinfection equipment being required by the state to ensure adequate, consistent chlorination of the water. The installation of this equipment was planned for last week, but the Delta Fire caused a delay until tomorrow. The equipment should be online within the next week or so.

Our insurance carrier has been extremely slow and admittedly inexperienced in handling claims such as ours. Since July 5, 2018, we have received two insurance payments totaling approximately \$83,000; obviously far less than the tank and well restoration cost estimates. In conversation with other utility managers whose systems were destroyed by wildfire, it is not unusual to be battling with the insurance for several years following the incident. We will continue to ensure that the insurance pays the appropriate amount of the claim.

The state disaster assistance funding normally covers up to 75% of the system restoration costs, on a reimbursement basis. State reimbursements can take 45 days to receive so we are also seeking interim loan funds to bridge the time gap from expense to reimbursement. We are also working to determine which state grant funding source will pay the remaining 25% since the District could not pay for a loan.