



HARVEY INSURANCE FUNDS PROCEEDS

At the November council meeting, Kimberely Vandver made a presentation of the insurance money that we had received at that time including what money had been spent out of those funds along with an explanation of those expenditures. Below is the chart that was shown on the projector screen at that meeting along with an explanation of the items that are not self-explanatory. It should also be pointed out that all funds received on this chart, with the exception of the last entry at the bottom of the chart, came from our insurance carrier or our flood insurance carrier. The numbers shown below correspond or refer to the numbers in the left margin of the insurance chart.

- 1) **BYPASS PUMP**.....we received \$50,000 from our insurance carrier that we used to reimburse ourselves for the out of pocket expenses that had already been paid. The balance of \$62,654.28 has been submitted to FEMA for a 90% reimbursement. Thus, the \$112,654.28 expenditure.
- 2) **WATER WELL #3**....we reimbursed ourselves to cover the out of pocket **expense for this repair**.
- 3) **OFFICE WAGES**.....we expect to be reimbursed from FEMA for out of pocket expenses paid for additional office staff to help offset the additional work load created by Harvey.
- 4) **DRC**...damage cause by FEMA's debris removal contractor to our utility infrastructure. It is unclear at this time if we can expect to be repaid by DRC or by FEMA. Our attorney is pursuing this issue.
- 5) **OPERATIONS**.....we had to pay several invoices over a period of time that were storm related; attorney's fees, additional lab test required after the water plant came back on line after the storm, invoices from our utility contractor relating to storm damage repairs both for materials as well as labor, and engineering fees relating to estimates for

mitigation cost to submit to FEMA. Most, if not all of these expenses have been submitted to FEMA for 90% reimbursement.

- 6) **GUT CIVIC CENTER**.....we reimbursed ourselves to cover the out of pocket expense to cover this cost.
- 7) **FEMA PAYMENT**.....this is the **first** money that we have received from FEMA for the water plant. We received this money via direct deposit into our account but did not receive an explanation for it until a few weeks later. FEMA also sent us a deposit for an additional \$13,000, however, we are returning this because they have paid this to us in error and as soon as they figure this out, they will demand this money back anyway.

While the amount that we have received may appear to be a lot of money, it is not when you consider the need is always greater than the amount that you receive. We do not know how much of our insurance money we will need to pay our portion of the two mitigation projects for water and sewer that we have received a total of \$1M in grant funds from the Texas Water Development Board. Our share could be anywhere from \$150,000 to \$350,000. We have no idea at this point until these two projects are bid. The Water Plant Mitigation Project is scheduled to be bid in late April or early May. We had to assure the TWDB that we could complete these two projects using our money or money from some other source before they would agree to give us this grant money. At present, there is no other source other than our insurance money. We are making application for a \$2M CDBG grant that if we qualify, we would be able to use funds from this grant to repair our roads and use any left-over funds to pay our share of the two mitigation projects. If this were to be the case, then we would have enough money to rebuild our civic center in some form or fashion that is yet to be determined. We are still waiting on word from FEMA as whether or not they are going to require us to tear the whole structure down or rebuild the building that is there.

So, at present, we are in “holding pattern” with regards as to what we can do based on the amount of money that we have to work with. We have no answers and many questions. After the Water Plant project bids, we will have a much better idea of the money that we will have available for other things as this project was *estimated* to be about \$800,000, \$500,000 from the grant and the rest from us. We have reason to believe it will not be this expensive but won't know for sure until it bids. Also, as time goes by, we do expect to be receiving more money from FEMA, which will help our financial situation as well. Many people in local government told us at the outset of this disaster not to have high expectations of being able to recover in a relatively short time; these events usually require

3 to 5 years to get back to some semblance of normalcy and after 17 ½ months into this one, we can certainly see this falling into that time frame.

We have made it priority to try and not spend any more of our insurance funds as is financially possible in order to save as much as these funds as possible. Some months, we have not paid some invoice if we felt there was a possibility that by waiting another month, we could pay them without using insurance money, but then there are times that we just don't have a choice.

These are the reasons that you, our citizens, have not seen anything in the way of rebuilding, or restoring or anything! We are simply waiting to have questions answered before trying to decide how best to spend the limited amount of money that we have to work with. We continue to investigate **any and all** leads that we hear about regarding grants that may either be available to us or that we can qualify for. April 29 is the deadline to submit projects that *qualify for the \$2M CDBG grant if we can qualify for the grant!* Nothing but unknowns at present.

We don't expect to hear anything more on any of the topics mentioned above for at least a couple of months (water project bid) so it is doubtful that any additional information will be provided on these topics for a couple of months minimum. It will probably be this fall before we hear anything regarding the CDBG grant. When we know more from FEMA on the civic center rebuild, we will make an announcement at the next council meeting as well as post this info on the city's website.

Mayor Rebecca Ford

Mayor Pro Tem Danny Fruge

Kimberely Vandver, City Secretary