



SCREMP Property Insurance and FEMA Workshop
Tuesday, December 7, 2004 – 5:00 p.m.
School Board Meeting Room
Stuart, FL 34994

Members Present

Susan Hershey –Chairman
Lorie Shekailo-Vice-Chair
Dr. David Anderson
Laurie Gaylord
Nancy Kline
Dr. Sara A. Wilcox, Superintendent
Tom Elfers, School Board Attorney

Members Absent

Katie Gillen, Student Representative (MCHS)

Staff Present

Rodger Osborne, Rose Taylor, Ruth Pietruszewski, Stacey Chados, Julie Sessa, Steve Rusnak, Mark Cocco, Deborah Crowder, Wilma Schuler, Jim Copeland

Public

Mark Fogle, Marsha Jones, Bill Mc Creary, Terry Isaacson, Rick Mullen, Teresa Carter, David Shapiro

Press

PBPost – Rani Gupta

Stuart News – No representation

MCEA – No representation

AFSCME – No representation

Call to Order by the Vice-chair and Pledge of Allegiance to the Flag of the United States.

1. Presentation on SCREMP Property Insurance and FEMA

Julie stated that two Board presentations, one after hurricane Frances and one after hurricane Jeanne, regarding property loss on all locations, the district's participation in the SCREMP program, insurance policies, and how those things would dovetail with FEMA had been provided. The purpose of this workshop was to provide an in depth look into our insurance participation in the SCREMP pool, how the claims process works, and understanding FEMA reimbursement. She introduced Bill McCreary, Administrator from Employers Mutual Inc and Marsha Jones, EMI Account Executive. She introduced Rick Mullen, CJW Executive general adjuster, from an independent insurance and adjusting consulting firm who has worked with the district throughout both storms. She introduced Teresa Carter, disaster planning and recovery consultant, hired by the SCREMP board to assist districts in the FEMA reimbursement process.

Bill McCreary explained there are eight school districts in the SCREMP program. The company has two billion dollars in insured property. The property insurance provides \$250 million per occurrence; therefore, for each storm there is \$250 million. SCREMP has approximately \$50 million in losses for hurricanes Frances and Jeanne. SCREMP will pay out \$2.5 million from the self-insured retention fund and then will collect from insurance carriers. This expense is eligible for FEMA reimbursement. The losses will be equally shared by members in the pool allocation based on the loss those members sustained. SCREMP cannot apply for reimbursement. Individual members must apply for the reimbursement. The FEMA recoveries will be \$7.5 million. Martin County will have to recover 36% or \$900,000.00. The deductible is 2% of replacement cost on the building and contents at the time of loss. The deductible is also a FEMA eligible expense. One carrier is not willing to take the risk on the whole amount, so coverage is bought in layers from several carriers. There are fifteen different insurance companies. The carriers have agreed to use a single adjusting firm to handle claims. Recovery needs to be maximized with FEMA, since FEMA recovery costs will be about 13 ½ million dollars. Sub limits of coverage will pay to bring portables in, set them up, cover employee's overtime, and whatever expenses are needed to resume educational services. It will not cover operating costs, such as electricity. Martin County has a maximum of \$3.6 million for debris removal

1. Presentation on SCREMP Property Insurance and FEMA (Con't)

on insured property for hurricane Frances. There is no anticipated problem having enough coverage for debris removal for either storm. Building ordinance coverage will be used to provide for increases in the cost of rebuilding due to changes in ordinance. Each building will be submitted as an individual loss. CJW will determine replacement costs on an as is basis. They also determine replacement costs bringing the building up to code. The School District is responsible to obtain a bid from a contractor for repairs. The District must submit this bid for repair cost as their proof of loss. The insurance policy will provide the same kind and quality of the building being replaced. If the damage of the building is less than 50% of replacement, the insurance company will repair instead of replace. If the damage is over 50% of replacement, then the building can be replaced with new. FEMA looks at replacement to code to determine whether you repair or replace. Bill McCreary provided several example scenarios with available options to explain FEMA coverages, deductibles, and depreciation.

Julie explained that two separate projects have been created in finance to track costs with regard to hurricanes Frances and Jeanne. The estimated cost to damaged facilities and other eligible costs is currently estimated at \$17,000,000 for hurricane Francis and \$18,000,000 for hurricane Jeanne. Funds have been allocated to capital budget projects 1234 and 1235. The total expenditures to date for damages from hurricane Frances total \$6,305,410, with insurance reimbursement totaling \$4,680,000. The total expenditures to date for damages from hurricane Jeanne total \$4,588,844 with no insurance revenue collected to date.

Teresa Carter and David Shapiro, Shapiro Disaster Planning and Recovery Consultants, were hired by SCREMP to help with insurance issues and to work with FEMA. FEMA will take the scope of work required and write up a project work sheet based on the district's costs for replacement and repairs. FEMA's line items will be based on district costs and will list insurance proceeds as a line item. The bottom line will show the net proceeds expected from FEMA. The district has insurance for ordinance coverage, but not asbestos removal or mold. Asbestos removal is a federal mandate. FEMA will cover the asbestos removal and possibly mold removal. Insurance will have to be completely settled before FEMA's coverage can be determined. All FEMA dollars are sent to the state. FEMA dollars will be received through the state. Head Start is an example of a third party funding source. The 2% deductible is covered. FEMA has a program called 406. 406 is mitigation and directly related to the public assistance program. FEMA will fund additional dollars for cost beneficial projects. FEMA covers 90%, the state covers 5%, and the district's responsibility is the remaining 5%. Details on showing need and waiving the remaining 5% have been unavailable. As of this moment, the district will be responsible for 5% of damages. Section 404 funds are a pool of money based on 7.5% of every dollar spent on every disaster. There will be about 16 million dollars in funds for Martin County. To access the funds we must work with the county. They will try to determine which projects would benefit the county most as a whole. Shelters are priorities, so it puts schools high for points on the project's priority list. If other counties don't need their funds, more funds may be given to Martin County. This is a state run program, even though the money comes from the federal government. It may be a year before the bottom line costs are known. Recovery will be a long process, but the district will end up with much better facilities.

Sue Hershey asked about mitigation funding. Teresa answered that 406 mitigation is directly related to damages and FEMA funds it prior to doing the work. The state administers 404 funds. They come from FEMA through the state. It is a state decision as to how the funds are dispersed, but FEMA must agree with the state decisions. April is the final deadline to have all projects given to the state for mitigation funding. Dr. Sara A. Wilcox asked if generators for lift stations for schools being used for shelters could be funded. Teresa said they would tie it to the overall shelter project for funding. The School District will go through the county for the funding. Sue Hershey suggested that a projects list be added to the discussion at the interlocal meeting. Mark Cocco and Julie Sessa have already prepared a list. The local LMS deadline is 12/15/04. Emphasis will be on collecting the insurance coverages first.

Insurance coverage and FEMA assistance under the Public Assistance Program must effectively combine to restore damaged facilities to pre-disaster function and to replace facilities that were destroyed. Opportunities such as Hazard Mitigation and improved projects must be identified and applied in order to maximize all of the resources that are available under FEMA's Public Assistance Program.

Dr. Sara A. Wilcox asked Julie to describe the efforts being made to return staff and children to Pinewood Elementary School. Julie stated they have worked feverishly sorting, unloading, and documenting the condition of furniture. Eighty per cent of the furniture will be demolished. New furniture and equipment has been ordered. All stakeholders met in a meeting and discussed what was needed to reopen. Another logistics meeting is scheduled for January 9, 2005. Teachers, custodians, and maintenance staff will be coordinated to help with the move over winter break. Teachers are being paid one day's salary in order to move back to the site. Those salary funds are

1. Presentation on SCREMP Property Insurance and FEMA (Con't)

being paid by insurance and any dollars uncovered by insurance will be FEMA eligible. Custodial and maintenance staff will move the boxes after the teachers pack everything. The Administration and Media center will not be occupied initially.

Sue Hershey commended Julie Sessa and Mark Coco for being so organized and doing a wonderful job.

2. Open to the Public

- There was no representation.

3. Open to the Board

- Lorie Shekailo thanked everyone for their time attending the workshop and answering all the questions. She appreciated everyone providing explanations.
- Nancy Kline concurred and complimented everyone for doing a great job, especially for putting the information in lay terms, so it was easy to understand.
- Laurie Gaylord agreed.

There being no further business to bring before the Board, the meeting was adjourned at 6:15 p.m.

CHAIR (Sue Hershey)

SECRETARY (Sara A. Wilcox, Ph.D.)