



INFORMATION REPORT

DATE: July 8, 2013

TO: City Manager
DEPARTMENT: Economic Development
SUBJECT: FEMA Community Rating System and Flood Insurance Premium Update

APPROVED: _____ DATE: _____

In 1984 the City entered the National Flood Insurance Program administered by the Federal Emergency Management Agency (FEMA). The City was required to enter this program due to the finding by FEMA that the levees along the San Lorenzo River were not adequate to handle a 100-year flood. Since the City entered the National Flood Insurance Program, all properties purchased, refinanced, or improved with a loan from a federally insured financial institution have been required to purchase FEMA flood insurance. The following information is a summary of the flood insurance premium payment history by residents located in the San Lorenzo River flood plain in the City of Santa Cruz.

National Flood Insurance Program

Year	Number of Policies	Total Annual Premiums
1984	162	\$42,277
1991	522	\$215,527
1998 (A-11 Flood Zone)	1130	\$699,592
2006 (A-99 Flood Zone)	1219	\$780,616
2013 (A-99 Flood Zone)	1358	\$1,254,606

In 2004 the City of Santa Cruz was awarded a FEMA Flood Zone Rating of A-99 in recognition of progress that has been made on upgrading the Corps of Engineers San Lorenzo River flood control levees. This rating allows City residents to pay the lowest possible FEMA flood insurance premiums. For instance a home in downtown Santa Cruz which is required by a lending institution to carry \$250,000(structure)/\$100,000(contents) in flood insurance now pays a combined structure and content premium of \$1,808 compared to a standard premium of \$3,289. In addition, FEMA has renewed the City's Community Rating System Class 7 rating which reduces the aforesaid A-99 premium by 5% to \$1,717 for a combined annual flood insurance savings of \$1,571. If these two measures were not in place, the total annual premiums paid by Santa Cruz residents would increase to approximately \$1,944.

This information does not include many commercial buildings which carry private placement flood insurance. It is also important to note future flood insurance premiums are likely to increase due to significant flood related losses due to Hurricane Sandy in 2012. At this time the ratings increase information is not available, however Congress has passed legislation which requires that the Flood Insurance Program become financially self-sustaining. It is not known when the effects of this legislation will further increase flood insurance premiums.

Staff will continue to monitor the Flood Insurance Program and its impact on local property owners. At such time as the San Lorenzo Flood Control Project is completed, residents will have the option to discontinue flood insurance coverage.

Submitted by:

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