



County of Monterey

Board of Supervisors
Chambers
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Board Report

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Receive a Report on the Monterey County Fire Response and Recovery Program for the 2016 Soberanes and Chimney Fires.

RECOMMENDATION

Staff recommends that the Board of Supervisors receive the report.

SUMMARY:

Monterey County has experienced two major fires this year requiring significant County resources - Soberanes Fire, Chimney Fire. This report begins to identify the impact of these fires on County resources, recognizing that there may likely be subsequent impacts with the beginning of the rain season upon us. The Resource Management Agency (RMA) requested information from other departments to help develop this report.

The Soberanes Fire was started on the morning of July 22nd, 2016 by an illegal campfire along a portion of the Soberanes Creek in Garrapata State Park, Big Sur. In response to rapid spreading of the fire, the Monterey County Office of Emergency Services (OES) activated the local Emergency Operations Center (EOC) the very next day on the morning of July 23rd. The EOC remained fully activated with staffing from various County Departments until approximately August 31st, at which time the staff level was reduced to primarily only OES employees. The timeframe for data in this report is based on OES still working with incident management due to the Soberanes fire remaining active at 97% containment. The fire reached 100% containment October 15. To date, Soberanes is among the most expensive wildfires in United States history with regard to the cost of fighting the fire. To date, 57 homes and 11 outbuildings are known to have been destroyed. Total acreage of the fire as of October 12th, is just over 132,000. Private water systems were also damaged or destroyed which has resulted in loss of clean potable water for residents. Phone systems have yet to be completely repaired throughout the burned communities. Many displaced residents were either under-insured or not insured and as a result have no financial means to rebuild.

On August 13th, 2016, while the Soberanes Fire was still burning in Big Sur, the Chimney Fire broke out South of Lake Nacimiento just below the Monterey County Line. The Chimney Fire, while mostly in the County of San Luis Obispo, not only impacted Lake Nacimiento but eventually crossed into Monterey County and burned areas inside the southern county line. The Chimney fire became 100% contained on September 6th, 2016. It has been reported that 49 homes were destroyed by the Chimney Fire, none of them were located in Monterey County.

Total acreage of the area burned by the fire was just over 46,000. Adding to the complexity and impacts to the county, an Fire Management Assistance Grant Program (FMAG) was assigned to San Luis Obispo County to offset the costs to their County for the Chimney Fire, but Monterey County was not included in that request. Without availability of FMAG grant for reimbursement of emergency support cost, departments involved will be looking to other sources of funding or County funds for reimbursement including the General Fund.

The Soberanes and Chimney fires have tapped resources from nearly every corner of the County's organization. To date, the total cost of County payroll alone is approximately one million dollars relating specifically to the fires. This number will continue to grow through the recovery period. In addition to labor, several County

departments have incurred or expect to incur significant non-labor costs associated with fire damage and recovery. Damage and recovery costs are not only impactful to the County's fiscal well being, but also potentially to the general welfare of the communities that it serves.

While the costs of the firefighting will be borne primarily by the State and Federal governments, there are impacts to the County of Monterey and its special districts from efforts and work for the emergency response and support of the fire that are not covered; direct fire damage (including roads); and future threats from increased erosion and post-fire flood events. To date, these costs are known to total approximately ten million dollars, in addition to reduced tax revenues for the County due to still unknown loss of revenue for local businesses. It is expected that this \$10M number will continue to grow through the recovery period.. The County has yet to receive official written notification of denial or approval of request for reimbursement of costs under the California Disaster Assistance Act (CDAA) regulations. While the County has been approved for a Fire Management Assistance Grant (FMAG) funding, the total funds awarded are yet to be determined and based on the parameters of the FMAG may only cover costs associated with the direct emergency response costs while the fire was active (estimated to be about 10-15% of the total). Without the assistance of CDAA funds, there will be significant direct impact to the General Fund, and the County's fully programmed Capital and Road Funds.

DISCUSSION:

Following, is a summary of some of the direct fire response and recovery actions taken to date by County departments or agencies. Staff has also included a best estimate of potential financial and operational impacts resulting from direct costs and reallocation of resources to address the emergencies.

Department Summaries:

- Resource Management Agency - Public Works

RMA Public Works and Facilities Division have identified public roads including Palo Colorado, Coast Road, Carmel Valley Road, and Tassajara Road impacted by the fire and have taken measures to address immediate roadway safety concerns. All of these roads are clear of debris. However, there are repairs, such as fixing culverts, repairing pavement and bridge decks, and installing retaining walls and abutments that need to be addressed and are being evaluated to determine which repairs can be done prior to this winter season or after. An application has been submitted to the California Governor's Office of Emergency Services for grant funding to do the repairs pursuant to the California Disaster Assistance Act (CDAA) regulations. RMA anticipates proceeding to the Budget Committee and Capital Improvement Commitment to discuss the funding needed in due course. Further assessments need to be made with the upcoming winter season for the debris flows that may come as a result from the fire.

Expenditures to date are approximately \$1 million with estimated future costs of recovery estimated at \$5.5 million on the west side of the fire (Palo Colorado and Coast Rd) and \$2 million on the east side (Carmel Valley and Tassajara Rds.) to properly repair those facilities. In the near term, RMA Staff anticipates incurring an additional \$200,000 to \$400,000 in actual expenses for 'stop gap' remedial measures on the east side roads (i.e. not including final repairs). It should be stressed that until sometime after the fire is contained, further damage assessments will be needed to finalize estimated costs.

Fire Management Assistance Grant (FMAG), CDAA, and NRCS grant funds are all being explored but have not yet been promised or committed. Staff also plans to submit claims for road damages to the USFS and CAL FIRE; however, it is uncertain what the outcome will be. The initial expenses associated with both response

and recovery is hitting the Road Fund. Staff is concerned that these costs (as well as the longer-term permanent repairs) may ultimately have to be absorbed by the Road Fund - which is already in a deficit. Unless reimbursed, this could result in the necessity for austere cutback measures heading into FY18.

If it is not possible to proceed with the repairs needed, the roads may not be safe or serviceable and may have to be closed. Additionally, at this time, it is not feasible to have an early warning system for debris flows in place prior to the winter storm season.

- Resource Management Agency - Parks

Soberanes Fire Damages:

The current estimated cost to the RMA Parks Division is \$10,120.02 in staff time and associated operating costs.

The County entered into an agreement with CalFire for use of Toro Park as their operational headquarters, which was subsequently handed to the US Forest Service (USFS) when they assumed command of the incident. The agreement stipulates that CalFire must repair damages to Toro Park property or reimburse the cost of repairs to the County. The final costs will not be known until the operational headquarters moves out of Toro Park. The estimated cost is in excess of \$50,000 for repairs. Costs for repairs will be a significant impact to the Parks budget if they are not covered by CalFire or USFS.

Chimney Fire Damages:

The Chimney fire has cost the RMA Parks Division approximately \$10,000 in labor and other operating expenses.

While there currently is no damage or loss to RMA Parks Division managed property at Lake Nacimiento or Lake San Antonio, there is potential for large operational costs this winter due to complications as a result of rain watershed/run-off into the Lake Nacimiento. Much of the 46,000 acres of land that burned is contained within the watershed and run-off areas surrounding the head waters of the Nacimiento River.

Significant staff time may be necessary this winter to address needs for removing or marking navigational hazards that would wash down the river as a result of run-off. The lake could also potentially close for periods due to hazards and debris flow, resulting in a loss of potential revenue.

- Monterey County Water Resources Agency (MCWRA)

Soberanes Fire Damage:

There are 11 Automated Local Evaluation in Real Time (ALERT) flood warning gages owned by the MCWRA in the perimeter of the Soberanes fire (Attachment E). One gage is already known to have stopped reporting but 10 others have potentially been impacted by heat, smoke, or direct contact with the Soberanes fire and are currently being assessed by MCWRA staff to determine the level of damage incurred by the fire. Structures (standpipes or enclosures) will also be assessed for physical damage, structural stability, and vulnerability to external hazards created by the fire (dead trees or unstable slopes).

Because of the critical nature of the ALERT flood warning system and the need for reliability during extreme weather conditions, wiring and electronic components will be replaced at all gages in close proximity to the flames or showing indications of excessive heat exposure.

MCWRA staff estimates the maximum replacement cost of all gages impacted to date at approximately \$130,000. This cost estimate includes equipment and labor related to the assessment and repair of the 11 ALERT gages.

The MCWRA does not have funds for the replacement of these gages and it would be looking to the National Weather Service, the County of Monterey, or State funds to gain reimbursement for the gages damaged by the Soberanes fire.

Chimney Fire Damage:

The MCWRA owns thousands of acres around Nacimiento Reservoir. The majority of this land is leased for livestock grazing. The Chimney Fire burned over three thousand of the four thousand acres of Grazing Lease 3A (Attachment D). It also burned over the two forty-acre parcels the MCWRA owns in the wilderness by Hearst Castle. The damage to Grazing Lease 3A has not been fully assessed due to the access damage and still presents hazards.

Another significant concern to MCWRA is the amount of debris left behind from the fire and firefighting activities. There are a number of out buildings and storage sheds that were also burned with only metal structure and components remaining. With winter fast approaching there is a potential for debris flow and ash (possibly contaminated) to flow into the reservoir. This challenge is further emphasized in the headwaters of Nacimiento, known as the Narrows. Fire crew lines, combined with burning along the north side of the Narrows into Monterey County and into an area on the south which had previously never burned has created an immense amount of loose debris. Winter rains could mobilize much of this material into the lake. MCWRA is already coordinating with local landowners to determine a feasible method of catching the debris near the headwaters and removing it from the reservoir, but all will come at a cost. Most importantly, this activity should reduce the amount of material that travels down the entire reservoir to the outlet works and the hydroelectric plant inlet. Damage to this inlet would require significant costly repairs. MCWRA has limited funding to address this fully and depending on the size of the solution and will be seeking financial assistance from other sources.

- **Monterey County Health Department - Environmental Health Bureau (EHB)**

Estimated EHB salaries and benefits costs associated with both fires are approximately \$110,000. The Environmental Health Bureau is limited to its main revenue stream (permit fees) for funding. These permit fees provide cost recovery and program maintenance primarily for routine services only such as regulatory inspections, permit review, permit issuance, etc. Although EHB is routinely tasked to participate in emergency response incidents where public health and safety are impacted, such as with chemical spills and releases, sewage overflows, loss of power or water pressure, most of these incidents result in no cost recovery for the Bureau.

The community impact of this emergency response has been felt through the diversion of routine services such as regulatory oversight of food safety, hazardous materials handling, solid waste management and drinking water protection prevents them from being delivered to the general public.

- **Monterey County Sheriff's Office**

The current estimated cost to the Sheriff's Department is approximately \$489,000 in staff time and operational expenses. Deputies were pulled from Patrol unit, Jail Unit, and Court for evacuation assistance at Soberanes Fire area for long periods, which increase overtime for backfill. There was no previously identified funding source for these unplanned staff expenditures. Staffing was seriously affected due to overtime demands for deputies, sergeants, and commanders.

As in the past, the County plays a major role in helping communities with long term recovery from and prevention of post-event hazards from disasters like the Soberanes and Chimney Fires. Following, is a summary of some of the measures implemented by the County and other agencies to assist with recovery and hazard prevention into the future. These long term recovery and prevention measures, just like the response measures listed above, have associated financial and operational impacts from direct costs and reallocation of resources.

Recovery and Rebuilding:

On August 23, 2016, the Board of Supervisors adopted a resolution approving Fire Recovery Guidelines to support processing of permits for rebuilding of structures destroyed or damaged by the 2016 Soberanes and Chimney fires. The program is approved for a five-year period (August 31, 2021), and the Director of Resource Management Agency is authorized to extend the five-year timeframe to August 31, 2026 in certain cases. These guidelines are set in place in order to help streamline the permitting process for damaged or destroyed residences by the fire with the intention to help direct those affected by the fire to appropriate representatives for each department and expedite their requests.

A team has been established to assist with questions and concerns with the application process. RMA continues to meet and talk with numerous property owners affected by the fire to discuss various issues regarding rebuilding. In addition, the following agencies have met in regards to the permit reviewing process for properties affected by the fire: RMA (Planning, Development Services, Public Works, and Environmental Services), Environmental Health Bureau, and the Monterey County Water Resources Agency. These agencies have collaborated to establish an accelerated permit process.

Under this Recovery Program, staff will expedite any permits received as a result from the Soberanes fire and provide priority review, including structures that were not previously permitted. Permit Coordinator, Freda Escobar, will be the point of contact for all incoming permits and will coordinate with the respective departments to ensure the applicant receives the assistance needed

Staff will track time associated with processing related permits to identify costs associated with the disaster, and seek reimbursement through other funding sources if needed. In some instances, property owner insurance policies may reimburse for permit costs, which may reduce impacts to department revenues and the General Fund. Estimated permit fee revenue being waived is \$750,000.

Post-Disaster Hazard Prevention:

Post fire hazards like debris flow are a serious concern for the County. Federal and State teams conducted technical analyses of the northern sections of the Soberanes Fire for post-fire hazards. The US Forest Service Burned Area Emergency Response (BAER) Teamwork products included a soil burn severity map and hydrologic, soils, and debris flow analysis. The large scale BAER analysis was provided to the State Post Fire Watershed Emergency Response Team (WERT) for further refinement at a smaller scale. The State WERT

report was provided to the County on September 30, 2016.

Federal assistance may be available to private property owners through the Natural Resources Conservation Service (NRCS) to construct temporary property protection measures. The NRCS Emergency Watershed Protection Program (EWPP) is a federal program that can help address watershed impairments that pose imminent threats to lives and property. Through the EWPP, the NRCS may pay up to 75% of the construction costs for emergency measures. On August 23, the Board of Supervisors authorized the County to sponsor the EWPP, which means County guarantees the 25% local match.

Upon request by the property owner, the NRCS will conduct an initial site assessment. If the property is determined to have such hazards, property owners could enter into a contract with the County to construct the treatments identified by the NRCS. NRCS would reimburse the County for 75% of the cost while the property owner (under contract to the County) would be responsible for the remaining 25%. It has been determined that County paying on behalf of property owners would be considered a gift of public funds, so we require a contract where the property owner agrees to reimburse the County. Grant funding may be available to assist the property owner with the remaining cost.

The fiscal and organizational well being of Monterey County is dependent on the strength of every department that makes up the organization. This well being ultimately impacts the citizens who reside, recreate, and do business here. The Soberanes and Chimney fires have sizeable known fiscal and community welfare costs already associated, and have the potential to generate many more. Impact of these costs could be further amplified if all of the financial burden for recovery and rebuilding is borne by the County budget.

OTHER AGENCY INVOLVEMENT:

The Monterey County Office of Emergency Services, Sheriff's Office, Health Department, and the Water Resources Agency assisted with the development of this report.

FINANCING:

Following is a summary of the overall estimated costs associated with the response and recovery efforts relative to the fires, and the foreseeable impacts to the County budget without financial relief from an outside source:

- **Countywide Economic impacts:**

The fire arrived at the height of the summer tourism season resulting in significant loss of income, jobs and tax revenue for the greater Carmel and Big Sur region of California. The communities of Carmel, Big Sur, Tassajara and Arroyo Seco were under evacuation warning or orders since the start of the fires on July 22nd. These evacuation orders necessitated the closure of lodging, restaurants, and other visitor serving facilities due to fire threats. There are estimates of 40% loss of revenue for the 2016 summer season. Air quality also had an impact on the tourism, keeping people from travelling to the central California coast. Unhealthy air quality also impacts local residents, increasing visits to clinics and hospitals. All of these factors will have long-term economic impacts.

The wine industry may also suffer from the fire and smoke tainting the grape harvest. We are still waiting for final harvest numbers and input from local growers.

The economic impact of the fire will have a trickle-down effect of impact to all tax revenues, assessed value of homes destroyed or damaged in the fire, and more. These tax impacts will only begin to materialize in the next

several months and continue for several years reducing potential County revenues.

- Potential Impact to County Budget and Strategic Reserve

Following the *Great Recession* and the detrimental effects of revenue and cash flow disruptions to local services, the County of Monterey committed to building a responsible strategic reserve equal to provide sufficient working capital and a margin of safety to address internal fiscal emergencies. In the ensuing recovery, the County prudently invested year-end operating surpluses to shore up the strategic reserve rather than using these one-time monies to support ongoing operational needs.

Today the County's strategic reserve totals \$70.3 million, which includes \$56.1 million for the general fund and \$14.2 for the County hospital.

Preserving the strategic reserve protects the County's financial sustainability and service capacity. During the recession the County borrowed money to ensure enough capital was on hand to meet payroll and continue core operations as tax revenues fell and the State delayed revenue subventions. The strategic reserve helps ensure sufficient cash is available to continue operations during revenue "dry periods" and reduces reliance on short-term borrowing and associated costs. The strategic reserve has also contributed to the County's improved credit ratings, helping to earn favorable terms for financing critical infrastructure needs.

In addition, while the Soberanes and Chimney Fires will have devastating, long-lasting effects, the County must remain ever more vigilant in preserving its financial capacity to respond to unplanned incidents as we approach our sixth year of severe drought, risk of more devastating fires, potential for landslides produced from burned watersheds, and the ever-present threat of a large earthquake.

The County also budgets an annual appropriation for operational contingencies, with a remaining balance of \$4.7 million for the current year. This contingency appropriation has been completely exhausted the previous two years and this year it will be depleted again. County staff has already quantified unbudgeted needs totaling more than \$9.7 million, including recently approved employee bargaining agreements, court-mandated jail security upgrades, a negative audit finding, and emergency watershed treatments. These needs are mandatory requirements and cannot be set-aside for other priorities. The \$9.7 million in unbudgeted needs does not include costs associated with the Soberanes Fire. In addition to these unbudgeted events, there are a number of pending unfunded needs remaining to be quantified, such as higher-than planned costs for building the new Juvenile Hall (with the lowest bid \$8.2 million higher than the plan approved by the State) and costs related to the expansion of the County jail.

The County has been absorbing emergency costs for the last several fires and emergencies. Pfeiffer Fire (2013), Tassajara Fire (2015) and March 2016 winter storms were all local declared disasters that received no state or federal assistance. Deferred maintenance and staffing shortages have also significantly challenged the county in the last three years.

Finally, the County has not accrued all of the direct and indirect costs of this fire. The recovery costs will be considerable and continue to impact the County over the next several of years.

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The following attachments are on file with the Clerk of the Board:

Attachment A - Soberanes/Chimney Fire Rebuild Information

Attachment B - Resource Management Agency -Tree Removal Permit Process

Attachment C - Fire Recovery Plan PowerPoint Presentation

Attachment D - MCWRA Chimney Fire Map

Attachment E - MCWRA Soberanes Map

Updated reports for the BAER and WERT teams will be available on the Monterey County Office of Emergency Services website at:

<http://www.co.monterey.ca.us/government/departments-a-h/administrative-office/office-of-emergency-services/recovery/soberanes-post-fire-and-recovery-information>