



County Administrator's Office
Office of Recovery and Resiliency

PG&E Settlement Funds Preliminary Discussion



August 11, 2020

Agenda

1. Introduction
2. PG&E Litigation and County's Claim
3. Losses and Damages
4. Considerations for PG&E Settlement Allocation
5. Discussion



Sonoma Complex Fires



PG&E Litigation

- As evidence emerged that PG&E's equipment and infrastructure caused the Fires, Sonoma County entities authorized the initiation of litigation against PG&E
- For the purpose of litigation, department/agency staff and experts collected and analyzed data to assess damages
- Damages assessment resulted in an **estimated loss of \$244.3M** for all Sonoma entities.



**Sonoma Valley
Sanitation District**



PG&E Litigation Timeline

Date	Action/Decision
January 29, 2018	Sonoma entities authorized initiation of litigation against Pacific Gas & Electric (PG&E) to recover damages related to the 2017 Fires.
February 26, 2018	Sonoma entities filed a civil lawsuit in Sonoma County Superior Court to recover damages from PG&E.
January 29, 2019	PG&E filed for Chapter 11 bankruptcy, abruptly halting the lawsuit.
June 18, 2019	Sonoma entities and 8 other public entities settled damage claims with PG&E for a combined sum of \$415,000,000. The gross allocated share for the Sonoma entities was \$184,175,480.69.
June 20, 2020	Bankruptcy court approved the PG&E reorganization plan. After attorney fees and costs, Sonoma entities received a total of \$149,347,589.50.



Losses and Damages

Category of Losses	Total	% of Total
Damages to County/Agency Assets*	\$111.5M	45.7%
Future Lost Revenue and Staff Time*	\$86.0M	35.2%
Out of Pocket Expenses	\$26.8M	11.0%
Miscellaneous Losses*	\$20.0M	8.2%
Total Damages	\$244.3M	100%

* approximate



Categories of Losses

Out of Pocket Expenses (\$26.8M)

- Staff time and labor costs to perform work related to fire response and recovery efforts

Damages to County/Agency Assets (\$111.5M)

- Roads, culverts and trees
- Ecosystem service losses, watershed restoration, water quality protection



Categories of Losses

Damages to County/Agency Assets (\$111.5M)

Roads/Culverts and Hazardous Tree Removal

- Fires damaged 32 County roads
- Litigation claim estimate vs. Transportation and Public Works estimate

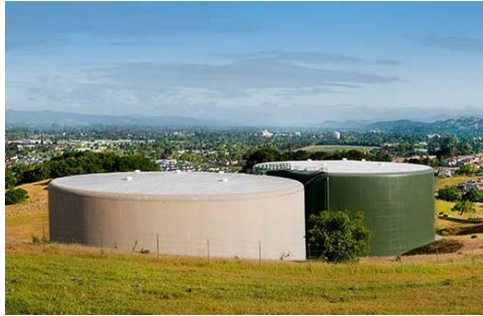


- To date, **\$4M in non-reimbursable expenses** to address damage from the fires
- Damage to roads from **debris removal from private property** originally estimated at \$21.5M, but **actual costs closer to \$50M**



Categories of Losses

Damages to County/Agency Assets (\$111.5M)



Ecosystem Service Losses, Watershed Restoration, Water Quality Protection

- **Ag + Open Space**
 - Fire damage on **7,317 acres**, millions in ecosystem service losses
 - Staff and other costs over \$950,000; **\$425,000 still unreimbursed.**
- **Sonoma Water**
 - More than **\$4.8M in out-of-pocket damages** to stabilize hazardous conditions and protect drinking water, flood protection, wastewater infrastructure



Categories of Losses

Future Lost Revenue and Staff Time (\$86M)

- Lost property tax revenue over \$70M
- **Non FEMA-reimbursable** recovery and mitigation activities

Miscellaneous (\$20M)

- **Unmet needs**, including disproportionate impacts to **Sonoma County renters**
- Impacts to **farmworkers, homeless** and precariously housed individuals
- Crisis and mental health counseling



Losses and Damages

- Damages assessment for litigation purposes resulted in an **estimated loss of \$244.3M**
- Settlement amount **\$149.3M** represents **61% of the claimed damages**
- Settlement does not cover all of the entities' actual damages



Considerations for Settlement Funds Allocation

- Damages claimed in litigation do not bind the Board to allocate settlement funds to categories of losses
- Settlement funds allocated at the Board's discretion



Considerations for Settlement Funds Allocation

Sonoma County Recovery and Resiliency Framework

- Board approved December 2018
- County long-term vision for a resilient future
- Countywide Community Engagement



Considerations for Settlement Funds Allocation

Recovery and Resiliency Framework

- 275 proposed actions
- FEMA Hazard Mitigation Grant Funds (HMGP), CalFIRE
- Many unfunded projects



Strategy Area 1

COMMUNITY PREPAREDNESS & INFRASTRUCTURE

County-wide awareness, Infrastructure, systems



Strategy Area 2

HOUSING

Diverse, affordable, accessible places to live



Strategy Area 3

ECONOMY

New Jobs, businesses, opportunities



Strategy Area 4

SAFETY NET SERVICES

Care for people who need extra help



Strategy Area 5

NATURAL RESOURCES

Healthy and well-managed land and water



Considerations for Settlement Funds Allocation

Recovery and Resiliency Framework

Top 10 Priority Projects

- Establish a comprehensive **Alert and Warning System**.
- **Work with the community** to identify hazards, risks, mitigation strategies, including **evacuation routes**.
- Facilitate **construction hardening techniques** appropriate for wildfire urban interfaces and **seismic retrofits for rebuilding** and for existing homes through education and grant programs.
- Work with private utility providers on solutions related to **hardening infrastructure** and on coping with destroyed utilities in a disaster, including **undergrounding** where appropriate and necessary.



Considerations for Settlement Funds Allocation

Recovery and Resiliency Framework

Top 10 Priority Projects (cont'd.)

- Help property owners navigate **vegetation management** opportunities through partnership with Fire Safe Sonoma and similar programs.
- Continue to advocate for substantive changes to **insurance regulations**.
- Engage the **Community to raise Awareness** about how to prepare and plan ahead for disasters.
- **Expedited Permitting** for homeowners who are rebuilding.
- **Enhance the 2-1-1 System**.
- **Develop a One-Stop Shop Resource Center**.

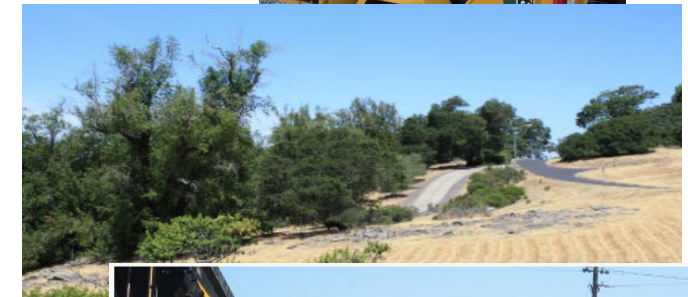


Considerations for Settlement Funds Allocation

Recovery and Resiliency Framework

Community Preparedness and Infrastructure

- **Protocols and partnerships for communicating critical information during a disaster**
- **Increased vegetation management inspections and expanded chipper capacity**
- **Primary County technology infrastructure, business systems, and critical facilities needed to support the essential services and critical business operations.**



Considerations for Settlement Funds Allocation

Recovery and Resiliency Framework

Economy

- Expanding **broadband** infrastructure

Housing

- **Building/Retrofitting** more resilient homes in Wildland Urban Interface (WUI)



Considerations for Settlement Funds Allocation

Recovery and Resiliency Framework

Natural Resources

- Assessing Mark West Creek and other **priority burned streams** to identify and rank recovery and rehabilitation needs



Safety Net

- Building **capacity with cross sector partners** and community



Considerations for Settlement Funds Allocation

County 5 Year Strategic Plan

- Healthy and Safe Communities
- Racial Equity and Social Justice
- Organizational Excellence
- Climate Action and Resiliency
- Resilient Infrastructure

ensure FW remains relevant
Engage w/ community
Collaborate
ensure ~~summary~~ recovery
on 2017 plan is fulfilled and that
community is more resilient
by Collaborating + Coord
to implement FW



Considerations for Settlement Funds Allocation

County Infrastructure

- January 2017 flooding and mudslides
- October 2017 Sonoma Complex Fires
- February 2019 Storms and Floods
- October 2019 Kincadee Fire



Next Steps

- Receive Community Input through September 4, 2020

PGECCommunityInput@sonoma-county.org

- Return to the Board October 6, 2020



Recommended Action

1. Receive staff report on the PG&E settlement funds and update on the status of the Board's Recovery and Resiliency Framework; direct staff to accept written input from the community via email through September 4, 2020 and return to the Board on October 6, 2020 for consideration of the allocation of the settlement funds into general expenditure categories.

