

To: Sonoma County Board of Supervisors, Board of Commissioners of the Sonoma County Community Development Commission; Board of Directors of Sonoma Water; Board of Directors of Ag and Open Space;
Department or Agency Name(s): County Administrator's Office
Staff Name and Phone Number: Christel Querijero 565-7071
Vote Requirement: Majority
Supervisory District(s): All

Title:

PG&E Settlement Funds – Community Feedback and Preliminary Allocation Discussion

Recommended Actions:

Receive report on community feedback related to the PG&E settlement funds and consider allocation of the settlement funds into general expenditure categories.

Executive Summary:

Litigation by the Sonoma County Board of Supervisors and Board of Directors for the Sonoma County Agricultural Preservation and Open Space District (Ag + Open Space), Sonoma County Water Agency (Sonoma Water) and Sonoma Valley County Sanitation District (SVCS), and the Community Development Commission (CDC), (collectively, Sonoma entities), against Pacific Gas & Electric to recover damages related to the 2017 Sonoma Complex Fires (2017 Fires) resulted in an allocation of \$149.3 million to the Sonoma entities. On August 11, 2020, your Board (in its capacity as the Board of Supervisors, the Board of Directors of the Water Agency, Open Space District, Sonoma Valley Sanitation District and the Commissioners of the Community Development Commission), received background information on the fiscal impact and damages that the Sonoma entities incurred from the 2017 Fires. This item provides a summary of the community feedback for the Board's consideration, as your Board discusses an expenditure plan for the settlement fund allocation.

Discussion:

BACKGROUND

On August 11, 2020, your Board (in its capacity as the Board of Supervisors, the Board of Directors of the Sonoma Water Agency, Ag + Open Space District, SVCS and the Commissioners of the CDC, received background information on the fiscal impact and damages that the Sonoma entities incurred from the 2017 Fires. After extensive settlement negotiations with PG&E, the Sonoma entities eventually received a net payment of \$149.3 million dollars, after PG&E's exit from bankruptcy in July 2020. The \$149.3 million settlement amount represents 61% of the claimed damages. It is important to note that the settlement and net recovery represent a compromise of the total damage estimates and do not cover all of the entities' actual damages. The \$244 million in damages that were identified during the litigation included the following categories of losses:

Category of Loss	Total	% of Total
Out of Pocket Expenses	\$26.8M	11.0%

Damages to County/Agency Assets (approximate)	\$111.5M	45.7%
Future Lost Revenue and Staff Time (approximate)	\$86.0M	35.2%
Miscellaneous Losses (approximate)	\$20.0M	8.2%
Total Damages	\$244.3M	100%

Although the type and scope of damages claimed in the litigation is important background information to consider, the Board has discretion over the use and allocation of the settlement funds. The settlement funds are essentially discretionary general fund dollars for the Sonoma entities governed by your Board.

COMMUNITY INPUT

Your Board directed staff at the August 11, 2020 meeting to accept input from the community via email and to return to the Board with that feedback for consideration of the allocation of the settlement funds into general expenditure categories. In the original timeline, feedback from the community was to be accepted through September 4, 2020. However, due to the outbreak of the Myers and Walbridge Fires on August 17, 2020, the deadline to receive community input was extended to September 14, 2020.

Email Feedback (355 emails)

On August 11, 2020, the County Communications Team issued a press release, encouraging community members to provide input on the PG&E settlement allocation by emailing suggestions to PGECCommunityInput@sonoma-county.org. Emails were also sent to community organizations and partners. The County received 355 emails (Attachment A) and four letters (Attachment B); the top five categories from the email feedback included the following:

- Road repair (20%)
- Vegetation management, including forest management, maintenance of County properties, and defensible space around homes (20%)
- Public safety, including volunteer fire organizations (20%)
- Housing and/or rental assistance programs (15%)
- Alert and warning systems and community preparedness (15%)

Survey Results (1,600 surveys completed)

The County also fielded a survey, in English and Spanish, to solicit community feedback. The County posted a link to the survey on its social media sites, reaching 8,341 accounts. Additionally, an invitation and link were sent to 85 contacts in Latinx community-based organizations (CBO's), including nonprofits, radio/media, and immigrant and labor groups. 2017 fire survivors, identified through the right-of-entry program and reaching 3,821 individual property owners, were also invited to provide their feedback. Finally, staff from the Office of Recovery and Resiliency attended several District Block Captain meetings and encouraged participation in the survey. The survey period was September 2-14, 2020. While the number of responses varied per question, the average number of responses was 1,600. The majority of feedback was received on the English survey (Attachment C), with an average of 25 responses

(1.5%) received on the Spanish version (Attachment D). 60% of respondents of the English survey and 21% of Spanish survey respondents lost their homes in the 2017 fires.

Survey respondents were asked to prioritize three allocation categories from a list of 17. These categories were:

- Affordable housing
- Alert and warning systems
- Business recovery
- Community preparedness
- Construction hardening assistance (modifications to buildings to make them less vulnerable to disasters)
- County government infrastructure
- Countywide broadband / internet
- Evacuation routes
- Financial assistance
- Food security
- Homelessness
- Mental health services
- Neighborhood unmet needs
- Parks and open space
- Road repair
- Vegetation management
- Workforce recovery

The top three categories are as follows:

Ranking	English survey; N=1618	Spanish survey; N=29
1	Vegetation management, 46%	Financial assistance, 55%
2	Alert and warning systems, 41%	Affordable housing, 45%
3	Road repair, 32%	Countywide broadband/internet, 28%
4	Affordable housing, 22%	Community preparedness, 24%
5	Community preparedness, 20%	Alert and warning systems, 21%

When asked to rate their level of agreement or disagreement with how the County should prioritize specific categories for allocation, the top responses for strongly agree and agree are as follows:

Ranking	English survey; N=1513	Spanish survey; N=25
1	Vegetation management, 22%	Financial assistance, 84%
2	Alert and warning systems, 20%	Affordable housing, 80%
3	Community preparedness, 17%	Alert and warning systems, 79%
4	Road repair, 17%	Community preparedness, 78%
5	Evacuation routes, 14%	Countywide broadband/internet, 75%

Although there is a smaller sample size for the Spanish survey, the results point to differences in prioritized needs for the English and Spanish-speaking fire victims and populations of the

County. However, priorities that are in alignment with the County's Recovery and Resiliency Framework are part of the top five for both English and Spanish surveys, specifically vegetation management, alert and warning systems, community preparedness, and evacuation routes.

In the open-ended English comments, respondents underscored their support for fire prevention activities, including vegetation management, fire breaks, and undergrounding power lines. Road and sidewalk repair in fire-damaged areas were also priorities, as well as affordable housing, support for farmworkers and efforts to address homelessness. Comments received in Spanish prioritized consideration of those directly impacted by the fires, undocumented workers, schools, and financial assistance.

DEPARTMENT/AGENCY HEAD INPUT

County agency/department heads, some of whom lost their homes in the 2017 wildfires, were asked to provide input on how the settlement funds should be allocated. Any action to mitigate or reduce fire risk was deemed a priority, including vegetation management, community preparedness, alert and warning systems, and evacuation routes. Additional priorities included homelessness, and consideration of "impact to resiliency" and equity when determining how to allocate funds. Some departments also advocated for specific positions or staff that would bolster needed services, such as an Environmental Specialist in UC Cooperative Extension who would work with private landowners to address fire fuel reduction, or a social worker in the Public Defender's office who would help to support homelessness, mental health, and substance addiction cases, as well as other staffing requests. Additionally, department heads were also asked to prioritize projects under the Recovery and Resiliency Framework for the August 11th Board meeting (Attachment G).

PG&E SETTLEMENT FUNDS ALLOCATION

Your Board recently allocated \$26 million of the \$149.3 million PG&E settlement at the September budget hearings, which included \$8.5 million to restore reserve funds used for the 2017 wildfires, \$9.9 million for three years of critical staffing needs, \$1.2 million for the ACCESS (Accessing Coordinated Care and Empowering Self Sufficiency) system support, and \$2.5 million for programs, including fire prevention and operating budgets in the Department of Emergency Management for alert and warning, emergency coordination, and Emergency Operations Center operations and maintenance. This allocation addresses approximately one-third of the \$86 million in estimated lost staff and revenue that was calculated for the settlement.

The PG&E settlement funds provide the opportunity for the Board to make further investments in recovery and resiliency. The Recovery and Resiliency Framework (Attachments E, F, G), approved by your Board in December 2018, represents the County's long-term vision for a resilient future. While progress has been made toward a variety of Framework goals and objectives, the majority of the potential projects still remain either underfunded or not funded at all.

Clearly the County and the community have needs that are greater than the settlement funds. Taking into account the community's perspective that the County should allocate PG&E

settlement funds to address direct impacts of the 2017 wildfires and the strain on County and community resources in the face of subsequent disasters since 2017, your Board is being asked to determine allocation categories that will address a variety of County and community needs.

While your Board has discretion over the use and allocation of the \$123 million in settlement funds available, the following examples are for the Board's consideration as it adopts an expenditure plan. The examples are not exhaustive and are only intended to give the Board some possible options. Staff recommends that the Board limit the categories to less than five at this stage, and, depending on the categories identified, direct the appropriate agencies/departments to work with the County Administrator's Office to come back with an analysis of possible investments within each of the expenditure categories adopted by the Board. The examples below suggest using percentage allocations, but the Board could also set out specific dollar amounts for any or all of the categories ultimately chosen by the Board.

EXAMPLES OF POSSIBLE EXPENDITURE PLANS

Example 1:

- Recovery and Resiliency Framework Projects (____%)
 - This category could include funding for projects identified in the Board's 2018 Recovery and Resiliency Framework. The Framework includes 275 projects under the categories of Community Preparedness, Housing, Economy, Safety Net Services, and Natural Resources.
- County 5-Year Strategic Plan (____%)
 - This category could set aside funding to invest in the Board's upcoming 5-Year Strategic Plan which is scheduled to be adopted in early 2021. The Board's 5-Year Strategic Plan has the following five pillars: Healthy and Safe Communities, Racial Equity and Social Justice, Organizational Excellence, Climate Action and Resiliency, and Resilient Infrastructure.
- Roads (____%)
 - This category could include damages to roads in the fire burned areas, as well as damages to roads as a result of the two million tons of debris removed, and other critical road repairs needed across the County.
- Future Disaster Reserves, Excess Insurance and Economic Uncertainty Fund (____%)
 - This category could include increasing the County's reserves for potential future disaster needs. In addition, this category could fund excess insurance for the County to shore up insurance coverage for critical County operations. This category could also include setting aside monies in an Economic Uncertainty Fund to be available in the future to your Board to preserve County services.

Example 2:

- Direct Damages from Disaster (____%)
 - This category could include damages to roads in the fire burned areas, as well as damages to roads as a result of the two million tons of debris removal.
- Resiliency Investments (____%)

- This category could fund County Board initiated resiliency investments throughout the county and could include investments such as:
 - Vegetation management
 - Enhanced response capabilities including alert and warning and community preparedness
 - Climate resiliency measures
- Community Needs (___%)
 - This category could include investments in affordable housing, mental health services, rental assistance, and business recovery.
 - Your Board could decide to allocate funds for Community Projects under this category, for which community organizations could apply, based on a yet-to-be determined set of criteria and process.

Example 3:

- Alert and Warning Enhancements and Community Preparedness (___%)
 - This category could include investments in alert and warning capabilities, as well as community preparedness efforts including pre-positioning of disaster response supplies throughout the County.
 - This category could also include funding for fire protection assets and vegetation management crews.
- Resiliency (___%)
 - This category could include climate adaptation initiatives throughout the County
- Government Services Continuity of Operations Resiliency (___%)
 - This category could include investments in the County's ability to quickly recover from future disasters and continue to provide essential services
- Affordable Housing Investments (___%)
 - This category could include investments in affordable housing projects and strategies.
- Roads (___%)
 - This category could include damages to roads in the fire burned areas, as well as damages to roads as a result of the two million tons of debris removal, and other critical road repairs needed across the County.

NEXT STEPS

Following the development of broad expenditure categories by your Board, staff recommends that your Board direct County departments and agencies to develop plans and timelines to program funds in alignment with the Board's expenditure categories. These departmental and agency plans will be brought back to the Board in early 2021 for your consideration and direction.

Prior Board Actions:

8/11/20 Your Board received background information on the fiscal impact and damages that the Sonoma entities incurred from the 2017 Fires

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY 21-22 Projected	FY 22-23 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A – I Step)	Additions (number)	Deletions (number)

Narrative Explanation of Staffing Impacts (If Required):

Click or tap here to enter text.

Attachments:

Attachment A: List of community organizations that provided feedback through email

Attachment B: Feedback letters received

Attachment C: English community input survey questions and responses

Attachment D: Spanish community input survey questions and responses

Attachment E: English Recovery Framework

Attachment F: Spanish Recovery Framework

Attachment G: Prioritized Framework projects

Related Items “On File” with the Clerk of the Board:

Community input received through email