



Legislation Text

File #: 2020-1068, **Version:** 2

To: Sonoma County Board of Supervisors
Department or Agency Name(s): Permit and Resource Management
Staff Name and Phone Number: Nathan Quarles, 565-1146
Vote Requirement: Majority
Supervisory District(s): Countywide

Title:

Walbridge and Glass Fires Amendment to Resiliency Permit Center Contract

Recommended Action:

Authorize the Director of the Permit and Resource Management Department (Permit Sonoma) to execute a term amendment to the existing agreement with 4Leaf, Inc. and to add scope without increasing the not to exceed amount for the fire reconstruction permitting and inspection services for properties impacted by the Walbridge Fire and the Glass Fire.

Executive Summary:

This item proposes to amend the existing agreement with 4Leaf, Inc. to continue to serve those fire survivors of the 2017 Complex Fires and the 2019 Kincadee Fire and add to the scope the fire survivors of the 2020 Walbridge Fire and the 2020 Glass Fire. Staff propose a two-year extension until January 29, 2023. Services would begin immediately upon execution of the amended agreement (Second Contract Amendment).

The proposed amendment expands the scope of the current agreement from 3,400 structures to 4,200 structures.

The 2020 Walbridge Fire destroyed or damaged an estimated 300 structures with an additional estimate of 500 structures destroyed or damaged by the 2020 Glass Fire.

Given staff projections of current and expanded Resiliency Permit Center permit application workload, staff estimates that existing contract authority of \$14 million will be sufficient for the additional scope and thus amending the contract amount is not needed at this time. If rebuilds exceed this projected workload rate, the department will return with a board item to increase the contract authority along with a full analysis of accrued and forecasted revenue fees to ensure costs are being 100% financed through fees and will not result in General Fund year-end increase requirement.

Discussion:

In response to the 2017 Complex Fires and at the direction of the Board of Supervisors Recovery Ad Hoc Housing Committee, Permit Sonoma established a Resiliency Permit Center, which has been providing comprehensive permitting and inspection services for fire survivors and their representatives, dealing with reconstruction of approximately 3,000 residential structures destroyed or damaged by the Sonoma Complex Fires. This work is being accomplished with the assistance of outside contract help from 4Leaf, Inc. a private

company specializing in plan review and inspection services.

In November 2019, the Permit Sonoma Director amended the 4Leaf, Inc. contract to include the permitting and inspection services for fire survivors for the nearly 400 structures destroyed or damaged by the Kincadee Fire (First Contract Amendment).

In September 2020, Sonoma County suffered the 2020 Walbridge Fire, which burned approximately 55,000 acres generally west of Healdsburg and Windsor and north of Guerneville. The Walbridge Fire destroyed or damaged approximately 300 dwellings and accessory structures within these unincorporated areas.

In September and October 2020, Sonoma County suffered the 2020 Glass Fire, which burned approximately 50,000 acres generally north and east of Santa Rosa to the Sonoma-Napa County line. The Glass Fire destroyed or damaged approximately 500 dwellings and accessory structures within these unincorporated areas.

Given there is an existing agreement in place to perform these services, Permit Sonoma is seeking authorization to utilize 4Leaf, Inc. as a sole source provider as the most expedient method to obtain plan review and inspection services for the 2020 Walbridge and 2020 Glass Fire survivors.

The current rebuild rate of for the 2017 Complex Fire is approximately 60%. Using this rebuild rate for the 2019 and 2020 fires, it is projected the existing contract authority of \$14 million is sufficient and additional contract authority is not needed at this time. If rebuilds exceed this rate, the department will return with a board item to increase the contract authority.

This Second Contract Amendment would extend the term of the contract from January 29, 2021 to January 29, 2023, allowing the most recent fire survivors time to rebuild.

This Second Contract Amendment would change the classification of one on-site position of the minimum required staffing levels within Exhibit A, Task 1(h). The plan review activity for dwellings is being conducted off-site and the amendment proposes to change one on-site plans examiner to one on-site permit technician.

This Second Contract Amendment would move the location of the hourly rate schedule. There is no increase or change to the hourly rates. The hourly rates for plan review and inspection services are currently listed under Exhibit B, Plan Review. The amendment proposes to move the hourly rates to a standalone section within Exhibit B.

The proposed agreement includes:

- 1. Reduced Permit Fees.** A reduced permit fee schedule to recover the cost to perform these services reflecting reduced work due to the already developed nature of sites with wells, septic systems to ensure compliance with federal, state and local laws. The table below represents example structure sites. Permit fees for each structure will be based on the individual size of each structure to reflect ;

Fee by Square Feet	1,000	1,500	2,000	2,500	3,000
Main Dwelling or Accessory to Dwelling	\$5,040	\$5,957	\$6,782	\$7,611	\$8,440

Detached Garage or Storage Structure	\$2,727	\$3,310	\$3,850	\$4,316	\$4,782
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2. **Penalties.** Penalties ranging from \$504 to \$844 for main dwellings or accessory structures and \$272 to \$478 for garage or storage structures will be imposed and returned to customers if 4Leaf, Inc. fails to meet processing times;
3. **Expedited Processing Times.** An expedited processing time of 5 business days or less for plan checks, with 3 business days for rechecks and red-line use to minimize the need for them;
4. **Electronic Submittal.** Electronic submittal of plans and on-site scanning for efficient distribution and review;
5. **Scheduling.** Digital, telephone and in-person scheduling is available;
6. **Audit.** The agreement includes a regular audit provision. Additionally, since 4Leaf, Inc. will continue having access to Permit Sonoma's permitting system, County staff can oversee all project work flows, including time spent on projects;
7. **Navigators.** 4Leaf, Inc. is dedicating a principal staff person to serve as on-site customer navigator with a single point of contact with Permit Sonoma dedicated to aligning customs and practices of the agency with those of the consultant;
8. **Community Outreach.** To make the reconstruction process as easy to understand as possible, 4Leaf, Inc. will join County staff at three community meetings on what fire survivors need to know. There will also be robust use of websites, social media, and broadcast media to get the word out to customers; and
9. **Start Date.** Services will commence immediately after agreement execution with the Resiliency Permit Center.

Prior Board Actions:

11/19/2019: The Board approved the First Contract Amendment for the Kincade Fire

01/08/2019: The Board approved the new Resiliency Center Contract

01/29/2018: Resolution 18-0034 adjusted the Permit Sonoma budget to establish the RPC

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY21-22 Projected	FY 22-23 Projected
Budgeted Expenses	\$3,177,905	\$3,100,000	\$1,820,807
Additional Appropriation Requested			
Total Expenditures	\$3,177,905	\$3,100,000	\$1,820,807
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	\$3,177,905	\$3,100,000	\$1,820,807
Use of Fund Balance			
Contingencies			
Total Sources	\$3,177,905	\$3,100,000	\$1,820,807

Narrative Explanation of Fiscal Impacts:

Before the 2017 Complex Fires, Permit Sonoma ran at full capacity including labor and resources such as office

space and equipment. Staff projected submittal of at least 3,000 building permits over three years above its already record business level. The original contract requested \$20 million in contractual authority to provide services for the surge of customers needing to rebuild post-fire. The \$20 million figure was based on an estimated number of projects multiplied by an average permit fee: 2,000 dwellings at \$6,300 in average permit fees; 1,000 residential accessory structures at \$4,600 in average permit fees; and 1,000 garage/storage structures at \$3,000 in average permit fees. With the 2019 Kincade Fire, Permit Sonoma projects an additional 400 building permits.

To date, permitting related to the 2017 Complex Fire is approximately 60% and we are nearing the end of the contract term. The rate of permitting has slowed and it is projected permitting will not reach 100% within the contract term. The 60% rebuilding rate creates financial capacity within the existing contract to accommodate the permitting that is projected from the 2019 Kincade Fire, the 2020 Walbridge Fire and the 2020 Glass Fire.

In January 2019, the County reset the contract authorization not to exceed \$14 million. Permit Sonoma expended approximately \$5.9 million between January 2019 and June 2020. This leaves a contract balance of \$8.1 million.

Using the same methodology to project the original \$20 million dollar valuation for the 2017 Complex Fire, the projected monetary valuation of the 2019 and 2020 fires is as follows:

Wildfire	SFD	ADU	Garage/Storage	Permit Valuation
Kincade Fire	180	90	170	\$2,058,000
Walbridge Fire	150	75	140	\$1,710,000
Glass Fire	250	125	250	\$2,900,000
Total	580	290	560	\$6,668,000

Projecting the 60% rebuilding rate for the 2017 Complex Fire onto the three additional fires equates to just over \$4 million ($0.60 * \6.69 million) in expenditures. Comparing this figure to the current contract balance of \$8.1 million indicates there is remaining contract authority in the current contract for the 2019 and 2020 fires.

The below table summarized the contract balances relative to the percent rebuild. This table includes all wildfires to date.

Percent Rebuild	0%	60%	80%	100%
Contract Balance	\$14M	\$4.9M	\$(-.0175M)	\$(-4.6M)

The original budget appropriation was distributed over three fiscal years to coincide with the term of the agreement. The original contractual authorization requested mid-year budget appropriation of \$3 million due to the contract starting mid-fiscal year. Subsequent authorizations have been requested and approved through the annual budget process. A mid-year budget augmentation is not being requested with this contract amendment.

Approximately \$6 million was expended between February 2018 and January 2019 when the contract was shifted to 4Leaf, Inc. The 4Leaf, Inc. contract was for \$14 million with a two-year term to be consistent with the remaining balance and remaining time of the original contractual authority. Between the contract revision in January 2019 and June 2020, Permit Sonoma has authorized invoices totaling \$5.9 million.

The 4Leaf, Inc. Second Contract Amendment is only to add the permitting and inspection services related to the 2019 Kincade Fire, the 2020 Walbridge Fire and the 2020 Glass Fire, and to extend the permit term to afford fire survivors of recent fires the necessary time to rebuild within Sonoma County. The fiscal impact over the term of the agreement will be a net zero cost to the General Fund, as all costs will be covered through user fees.

Narrative Explanation of Staffing Impacts (If Required):

There are no known staffing impacts.

Attachments:

Attachment 1: Second Contract Amendment

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

Original Contract

First Contract Amendment