

SAN LORENZO VALLEY WATER DISTRICT

PROPOSED CZU WILDFIRE RECOVERY SURCHARGE PUBLIC HEARING

August 05, 2021



Proposed CZU Wildfire Recovery Surcharge

- The District was severely impacted by the CZU Lightning Complex Wildfires (Wildfire).
- The District's water system sustained at least \$20 million in damage based on engineering estimates, most significantly to raw water supply lines and storage tanks. Damage also impacted water treatment systems, pumps, water quality monitoring equipment, and the long-distance water transmission pipeline.
- The District anticipates receiving partial financial assistance through the Federal Emergency Management Agency (FEMA) to help cover some of the cost of emergency response, recovery, and permanent repairs.
- The District will be responsible to pay all of these costs up front and will submit eligible project costs for FEMA reimbursement, upon completion.
- The District has roughly estimated that the total net costs to the District after FEMA reimbursement will be about \$5 million. However, the final cost could be more or less than the estimated \$5 million.



CZU Lightning Complex Fire

- Date Started: 08/16/2020
- Cause: Lightning
- 86,509 Acres Burned
- 1,490 Structures Destroyed
- 1 Fatality, 1 Injury
- Entire San Lorenzo Valley was evacuated



Water Connection Statistics

- 3,191 Connections - "Do Not Drink/Do Not Boil" (DND-DNB) notice
- 354 Connections - Without water
- 120 Connections - Homes Destroyed by Fire
- Last DND-DNB notice lifted as of 10/27/2020 (60 days total)



CAL FIRE NEWS RELEASE

California Department of Forestry and Fire Protection



CONTACT: Incident Information Line:
(831) 335-6717
Media Line
(831) 337-8445

RELEASE DATE: August 27, 2020
3:00 p.m.

CVZ LIGHTNING COMPLEX EVACUATION ORDERS LIFTED FOR ALL OF SCOTTS VALLEY, INCLUDING UNINCORPORATED AREAS OF SCOTTS VALLEY

WHAT: Santa Cruz County, Repopulation of Scotts Valley for residents only

WHEN: Effective Immediately

WHERE:

- All of Scotts Valley residents west of State Route 17, including unincorporated areas of Scotts Valley. (ZONES: SCO-1, SCO-2, SCO-3, SCO-4, SCO-5, SCO-7, SCO-14, SCO-15, SCO-16, SCO-17, SCO-18, SCO-19, SCO-20, SCO-21, SCO-22, SCO-23, SCO-24, SCO-25)
- The unincorporated areas of Scotts Valley (Zones: CRZ-18B, CRZ-19, CRZ-20)
- Paradise Park (Zones: CRZ-63)
- Cave Gulch area (CRZ-9A)

NOTES: Evacuation orders encompassing the City of Scotts Valley and unincorporated Scotts Valley have been lifted. Please exercise caution when returning to your residences, as the City of Scotts Valley will continue to serve as the fire operations base camp. Expect to see a tremendous amount of emergency vehicles and fire personnel in the City while the fire continues to be battled in the San Lorenzo Valley. Do not attempt to access closed areas, as it can impede firefighting efforts and pose a serious danger to you and others.

If you shut off your gas, please visit the PG&E website for information on how to properly have your gas turned back on.

https://www.pge.com/en_US/safety/gas-safety/gas-safety-tips.page#p1

For additional information when returning home, refer to www.fire.ca.gov. Click on the link, "Post wildfire" for safety precautions

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Major Damage Summary

- 7.5 miles raw water supply line
- Treated water lines between 3 major tanks in Boulder Creek
- Foreman Creek turbidity station and pressure reducing station
- Riverside Grove Tank & Booster PG&E drops, and SCADA control
- Bennett Spring raw water line
- Sweetwater Lane piping from tanks to booster pump 2,500 lineal feet
- Alta Via & Monan Way transmission mains
- Ridge Drive Tank, booster pump, transmission main, SCADA control, and PG&E drop
- Blackstone Terrace Tank and associated plumbing
- Foreman, Peavine, Sweetwater Clear Creek intakes

Raw water supply lines (7.5 miles):

- Foreman Creek
- Peavine Creek
- Sweetwater Creek
- Clear Creek

Replacement challenges:

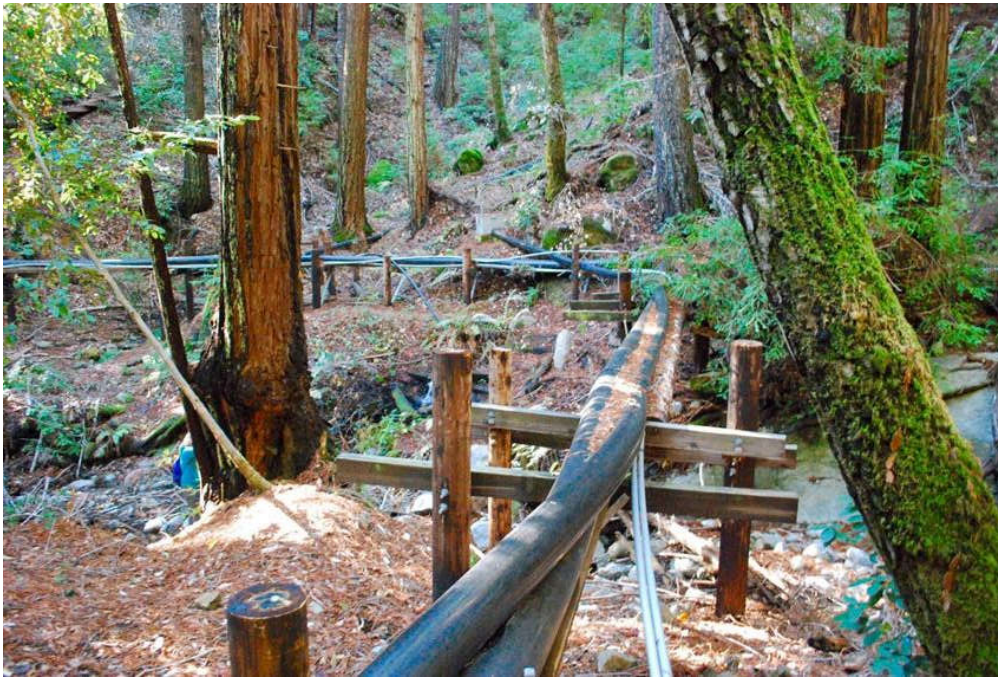
- Limited access
- Time frame to replace
- Type of material
- Damaged trees & Landslide
- Environmental concerns
- Cost
- Constructability - All hand labor



Raw Water Above Ground Piping



5-Mile Supply Line; Before/After



Difficult Repairs

- Affected facilities & infrastructure located in steep topography with limited access.
- Tank replacements required special equipment such as cranes and helicopters for replacement.



Blackstone Terrace required a crane to replace damaged tanks.

Damage & Mitigation

- Surface water treatment plant was shut down before fire reached supply lines protection the treatment plant from contamination.
- Construction crews installed temporary piping and tanks to restore water service.
- Currently water supply is being pumped from the District groundwater wells located in Ben Lomond.
- Emergency intertie with our Felton system is operational, supplying water from Fall Creek through the District's Felton Kirby Water Treatment Plant.



Lyon Surface Water Treatment Plant



Temporary/Emergency Surface Water Supply



Watershed Ben Lomond Mountain – Empire Grade

- 1,620 acres burned in the District's Ben Lomond Mountain Watershed.
- Staff has been working on post-fire restoration of the District's watershed lands.
- The District's fire management plan incorporates post-fire recovery.
- Cal Fire CFIP grant to cover 90% of the establishment of a forest management plan – further grant funding is expected for aspects of implementation.



Operational Cost Increases Due to Wildfire

- 14 additional generators to support PSPS outages. Associated maintenance, fuel, and permitting costs.
- Increased operational costs due to loss of surface water intakes. Staff time, and PG&E power costs.
- Fuel Reduction defensible space, fire hardening facilities.
- Increased water quality monitoring in regards to the fire.
- Staff time working with FEMA on rebuilding, and plans/specifications. Bidding and implementing construction
- Wildfire has been an emergency on top of emergency (COVID-19), and now another emergency in the form of drought.



District Finances

- The District had approximately \$3M in reserves to help finance unexpected costs including Wildfire emergency response and repairs.
- The District is working with FEMA and CalOES to maximize grant funding for the Wildfire response and repairs to infrastructure.
 - District has submitted \$20 million of permanent repair projects to FEMA.
 - No determination yet as to what will be the reimbursement-eligible costs for FEMA purposes.
 - The scope and estimated project costs will change over time due to results of constructability studies, environmental review, contractor availability, etc.
- The District is working with its insurance provider to process damage claims for covered facilities and equipment; FEMA will deduct any insurance proceeds from reimbursements.
- The District is pursuing other grant funding opportunities, as well.
- To date the District has not received any FEMA reimbursements.

Major Disaster Declaration

- California August Wildfires (FEMA-4558-DR-CA)
- Declaration: August 22, 2020
- Incident Period: August 14, 2020 – September 26, 2020, with the exception of additional damage resulting from the North Complex Fire.

District is in the process of working with Federal Emergency Management Agency (FEMA), Cal-OES, and other state and Federal agencies to obtain funding through:

- Stanford Act Section 406 Mitigation
- Stanford Act Section 404 Hazard Mitigation
- Upgrading to current Codes & Standards



FEMA

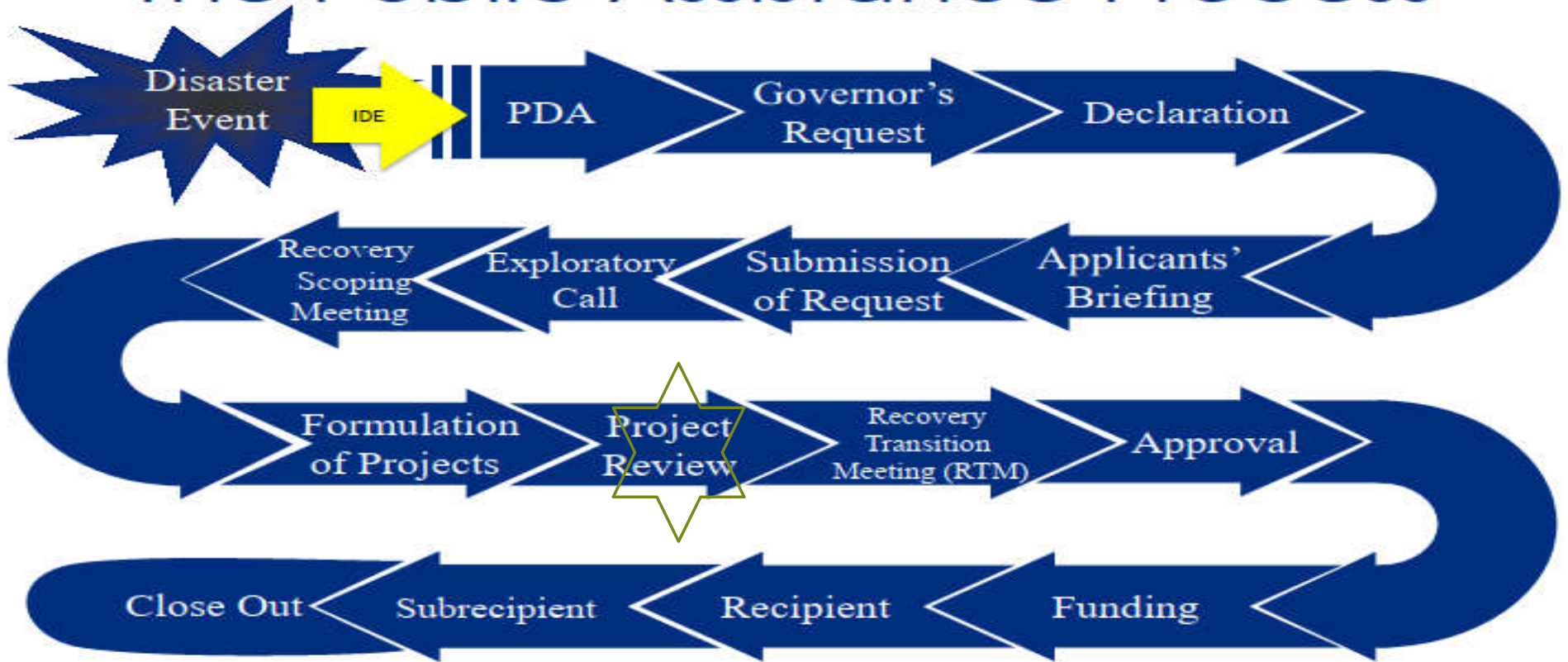
404 vs 406 Mitigation

- 404 and 406 refer to the applicable section of the Robert T. Stafford Act
 - 406 Mitigation: Includes the repair, restoration, reconstruction, or replacement of public facilities damaged or destroyed by a major disaster and is funded through Public Assistance.
 - 404 Mitigation (HMGP): A competitive grant program focused on mitigating risks from future disasters through the implementation of long-term independent solutions to increase protection and/or capacity of existing fully functioning facilities

FEMA encourages integrating 404 and 406 mitigation actions simultaneously to incorporate long term community resiliency. 404 grant funding may be used in conjunction with 406 mitigation funds to bring an entire facility to a higher level of disaster resistance, when only portions of the facility were damaged by the current disaster event



The Public Assistance Process



Estimating Public Assistance Grants

- The assistance FEMA provides through its Public Assistance Program is subject to a local cost share.
- The Federal share is expected to be not less than 75% of eligible costs. This could increase if pending federal legislation passes.
- District recently learned that CalOES will cover 75% of the 25% cost share FEMA does not cover.
- Currently, the District's estimated out of pocket share of eligible costs is 6.8%.
- The key word is eligible costs. We do not know at this time what eligible costs will be.
 - Past disasters total cost were closer to 20 -25% out of pocket.
- Some projects involve hardening above-ground cross-country transmission mains and relocating to the right away, which may only receive up to 15% of increase cost for relocating.



Proposed CZU Wildfire Recovery Surcharge

- The proposed Surcharge would add \$9.67/month to the average residential customer's water bill.
- The proposed Surcharge would last for about 5 years totaling \$5 million.
 - The Surcharge would end automatically once a total \$5 million is collected.
 - The Board could end the Surcharge early if the District's CZU Wildfire net costs will be less than the estimated \$5 million.
- The District has taken on long-term debt to help cover the costs of the CZU Wildfire, especially up-front costs.
 - District potentially could use Surcharge revenues to pay interest and/or prepay the debt to reduce the District's long-term debt obligations, if prudent to do so under future financial conditions.
- There continues to be significant uncertainty as to what the actual, final net costs to the District will be after all repairs are completed.
- **The Board has directed all Surcharge revenues received by the District to be tracked and maintained in a restricted fund or account from which only CZU Wildfire expenses will be payable.**

End of Presentation

