COUNTY OF LAKE
ADMINISTRATIVE OFFICE
255 North Forbes Street
Lakeport, California 95453
TELEPHONE (707) 263-2580
FAX (707) 263-1012

CAROL J. HUCHINGSON
COUNTY ADMINISTRATIVE OFFICER

August 23, 2016

Director Mark Ghilarducci
California Governor's Office of Emergency Services
3650 Schriver Avenue
Mather, CA. 95655

Re: Governor's Proclamation Declaring State of Emergency in Lake County due to Clayton Fire

Dear Director Ghilarducci,

Pursuant to the above referenced Governor's Proclamation, I hereby submit this request for local government assistance for Lake County - for the Clayton Fire, under the authority of the California Disaster Assistance Act, California Government Code Section 8680 et seq and California Code of Regulations, Title 19, Section 2900 et seq.

In addition, on behalf of Lake County, I hereby request that the State of California provide direct assistance, from CalRecycle and the California Department of Toxic Substances Control, to remove hazardous wastes and debris from property sites within the Clayton Fire area that are toxic, flammable, corrosive, or reactive because of the imminent threat such waste poses to public health and safety.

Finally, given the incredible magnitude of all of the Clayton Fire impacts and expenses (many still being determined as noted in subsequent pages), the County also requests that the state waive the County's 25% share of cost under CDAA.

Background:

As you are well aware, over the past thirteen months, Lake County has been ravaged by wildfire, starting with the Rocky Fire in July 2016. This state and local disaster exceeded and overwhelmed our local resources and your office assisted us under CDAA. Not long after the Rocky Fire came the Jerusalem Fire and your office combined the two disasters, continuing to provide needed assistance. On September 12, 2016, the Valley Fire struck, far surpassing the magnitude of the earlier fires. The Valley Fire destroyed 1,280 homes and was declared a federal disaster.

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On August 13, 2016, the Clayton Fire ignited just south of the community of Lower Lake and has destroyed at least 300 structures, 190 of which were single family residences. Lower Lake is home to many seniors living on modest, fixed incomes and to families and individuals who are reliant on public assistance. The Clayton fire has burned 4,000 acres and in addition to the structures lost, damaged power and communications lines and other critical infrastructure in its path.

All total, during the past 13 months, a staggering 22% of Lake County's total land mass has been incinerated by these 4 massive wildfires.

Since the Rocky, Jerusalem and Valley Fires, we have been actively focused on extensive recovery efforts and on navigating the complex world of disaster finance while struggling to preserve the financial well-being of local government. Soon, the Lake County Board of Supervisors will be presented with its 2016-17 Budget for adoption, and even before the recent Clayton Fire, staff has confirmed that the Lake County budget is severely compromised due to the wildfire disasters of 2015, for many of the reasons detailed below.

Financial impacts of the Rocky, Jerusalem and Valley Fires:

- Property Tax Loss: While we greatly appreciate the provision of $1.3 million in property tax backfill in the Governor's FY 2016-17 budget, our tax rolls now demonstrate that the total actual loss of property tax from the three major wildfires of 2015 (not including the Clayton Fire, see #1 below) will exceed $2,000,000. This loss, approximately **$700,000** for 2016-17, will extend into future years, in an amount closer to **$2,000,000** subject to recovery and rebuilding.

- Geothermal Royalties: Lake County's geothermal royalty revenues have been significantly impacted with two cooling towers destroyed in the Valley Fire. Only one of the destroyed plants has come back online. Total losses for 2016-17 are estimated at **$410,000** and will continue in future years as well.

- Transient Occupancy Tax (TOT) and Sales Tax: Much of Lake County's economy is tied to the tourist industry. The widespread negative publicity the County has received and the damage done to much of the County's landscape and infrastructure is detrimental to our ongoing efforts to attract tourists. The loss of TOT, estimated conservatively at **$150,000** per year will continue for at least two years. This will also negatively impact sales tax collections. A survey of survivors conducted by the County's Recovery Task Force determined that over 30% of home owners did not plan to rebuild. Based on that survey, we estimate at least **$100,000** in annual sales tax losses. The fact that many residents who lost their homes have been moving out of Lake County also negatively impacts local businesses. As businesses decline, so does the County's tax revenues.

- Emergency Response and Recovery Overtime for the Rocky Fire: Post-FMAG Overtime for the Rocky Fire cost the County **$80,000**. Extraordinary overtime costs were incurred by County Law Enforcement for post-disaster security monitoring in the Valley Fire burn area, totaling **$400,000**. The County has advanced these funds while awaiting

reimbursement. Assuming reimbursement comes through, the County will still bear 25% of the total cost, estimated at **$120,000**, placing even more strain on an already strained budget.

- County Workload fiscal impacts: The fires of 2015 exponentially increased the workload demands on County departments such as the Office of Emergency Services, the Auditor-Controller (Disaster Finance Chief), the Assessor-Recorder, the Building & Safety Department, Environmental Health, Special Districts, Planning and the County Administrative Office. Existing staff resources simply cannot process this amount of workload within a reasonable amount of time. For Building & Safety, the County already allocated 3 additional Full-Time Equivalents (FTE's), at a cost of **$300,000**, from its very modest resources to support the surge in workload. In the case of the Assessor, 2015 wildfires have caused a significant amount of revenue loss and is impacting not only the County itself but also local special districts, the cities and the schools. The impact on the schools has a corresponding direct negative impact on the State budget.

- The 2015 wildfires significantly impacted County roads: The cost of additional road repairs and maintenance due to these fires is estimated at **$80,000,000 to $90,000,000**, an impossible task for the County Road Department. Severe damage to County roads has occurred, not only in the burn area but in all major arteries in/out due to the transportation of an unprecedented volume of fire debris.

- County cost share for the Valley Fire: Even with the support of CDAA and FEMA funding, our County cost for the Valley Fire is anticipated to total **$2,000,000**. ($1,000,000 in funds to match state/fed and $1,000,000 for in-house labor.)

Preliminary estimates of financial impacts of the Clayton Fire:

The Lake County Sheriff/OES Director declared the Clayton Fire a local emergency on August 14, 2016 and his action was ratified by the Lake County Board of Supervisors on August 16, 2016. In addition, on Tuesday August 23, 2016, the Lake County Board of Supervisors will ratify the proclamation of a local health emergency declared by the Lake County Health Officer on August 16, 2016 due to the potential health threats posed by the Clayton Fire.

Efforts to bring the Clayton Fire under control, assist the affected population with care and shelter, restore and/or recover from this devastation will require County resources, as well as resources from other local governments within California. Lake County does not have adequate resources to respond and recover.

The cost and impact of the Clayton Fire is still being determined. Our estimates to date include (not in priority order):

1. Additional Property Tax Loss: The Clayton Fire of 2016 will significantly increase the amount of County property tax loss incurred by the County. We estimate additional loss to the tax rolls, given the number of destroyed homes, businesses and other structures, at $25,000,000 (which is an additional **$250,000** in annual property tax revenue loss).

2. Post-FMAG Overtime for the Clayton Fire: Extraordinary overtime costs are being incurred by the County for emergency response and recovery efforts to keep impacted areas secure and safe. These efforts will continue for quite some time after the fire is contained and costs are estimated at **$1,000,000**.

3. Loss of local businesses: Approximately half of the local businesses on Main Street in Lower Lake have been lost in the Clayton Fire, further impacting long-term sales tax revenues and the local economy. Short-term, all businesses in the Lower Lake business district have been impacted by closure during fire suppression efforts and until the district is safe for our citizens. Our local Economic Development Corporation (EDC) exhausted its business loan resources providing financing to businesses that suffered economic injury during and in the aftermath of the Valley Fire. The Small Business Administration provided over 400 loans in the aggregate amount of $42,000,000 to businesses impacted by the Valley Fire. This source of funding was invaluable, and is needed again. SBA economic injury financing will not be available to assist businesses impacted by the Clayton Fire unless a Presidential Declaration of Emergency is declared. The Declaration is also needed to replenish business loan funds provided by the EDC. **Even if the Clayton Fire is not declared a federal event, Lake County needs the State of California to step in a non-traditional manner and provide assistance to local businesses in a manner similar to SBA**. Assuming an average loan amount of $250,000 is needed by 20 small businesses, **$5,000,000** is needed to assist small businesses in the Clayton Fire recovery.

4. County Workload fiscal impacts: As noted above for the 2015 wildfire disasters, the Clayton Fire will further increase workload demands on County departments such as the Building and Safety Department, Planning, Environmental Health and Administration. Staff resources simply cannot be stretched beyond what was required for the Valley Fire. Four additional FTE's are needed, at a cost of **$400,000** per year for the next three years.

5. County and City roads: County roads will be further impacted in the area of the Clayton Fire, as will be the city road, Davis Road, leading to the County landfill where debris for the hundreds of fire ravaged structures will be hauled. The heavy equipment and trucks used to clean and haul debris will destroy roads in the community of Lower Lake. It is a simple fact that due to the loss of property tax and other revenue, combined with the continuing decline in State gasoline tax revenues, our County Road Department will not have the resources to repair these roads at a cost preliminarily estimated at **$10,000,000**.

6. Loss of County-owned assets: In the Clayton Fire, the County Parks Department lost its main park maintenance building in downtown Lower Lake. This building was the County-wide headquarters for park maintenance staff and housed much of the equipment, vehicles, tools and supplies used in maintaining the County's park system. The building and its contents, along with a park maintenance truck, were a complete loss, estimated to be at least **$750,000**. In addition, the County Social Services office

that houses Adult Services programs is located on Main Street in Lower Lake, in the midst of total devastation. While that leased facility did not burn, significant damage occurred and County vehicles were lost, totaling at least **$70,000**. During the Clayton Fire response, at least 12 Sheriff patrol vehicles suffered significant exterior and interior damage due to the extreme heat and spotting of the fire. Vehicle repair costs are estimated at **$60,000**.

7. Shut-down of County operated facilities: The Clayton Fire severely impacted the small community of Lower Lake where three of the County's four large Social Services offices are located. During the evacuation and road closures, employees (even those otherwise unaffected by the fire) could not work and should receive paid leave for the date of August 15, 2016, before other arrangements could be made for said employees to report to other offices the following day. An estimated 160 employees were put out of work on this day of the local and state-declared Clayton Fire disaster. The loss of labor productivity is estimated at **$28,207**.

8. County share of cost under FMAG: For Emergency Operations Center operation costs, safety assessments conducted by County teams, Law Enforcement Mutual Aid, Law Enforcement Overtime and the County share of fire suppression costs under FMAG, we conservatively estimate our cost at **$125,000**. Due to the four disasters detailed herein above, the County simply cannot absorb this additional expense.

9. Debris clean up - For the Clayton Fire, as noted above, we have requested assistance from CalRecycle and the California Department of Toxic Substances Control to clear debris from the sites of burned homes and other structures. Based on history from 2015, we estimate debris removal costs at $65,000 per structure, equating to County cost of **$3,250,000**, even with the assistance of CDAA. This amount is absolutely devastating for our already severely compromised County budget and does not take into account our additional County Environmental Health labor costs estimated at **$30,000**.

   Hazard tree removal will also be an issue in the Clayton Fire, although unlike the Valley Fire, there will be very little chance for cost recovery with most of the trees being hardwoods and unsaleable conifers.

   With all debris removal, undetermined additional impacts and costs are anticipated relative to water quality, culvert replacement, and road realignment for erosion control as we move into the winter season.

   As you are aware, during 2016-17, **$2,200,000** in state funding was appropriated to provide full-time CalFire coverage to deal with the impact of winter storms on mud, ash and debris flow in the Valley Fire burn area. The County respectfully requests that said funds be extended during 2017-18, providing the same level of needed CalFire support during the rainy season in the Clayton Fire burn area.

10. Transitional Sheltering and Local Assistance Center (LAC) costs: Due to the extensive destruction of residential homes, an unknown number of residents will be displaced for an unknown period of time. Funds are needed to cover the cost of housing displaced residents for 6 months to provide time for rebuilding, or for securing of replacement mobile homes, at an estimated cost of **$360,000**. County staff costs for initial sheltering activities are estimated at $**10,000**. Absent an acting VOAD (Volunteer Organizations Active in Disasters) Lake County will soon open a LAC, supported by a combination of Lake County employees, community volunteers and staff from non-profit agencies and other government agencies participating. The cost of County staffing for the LAC is estimated at **$30,000.**

11. Infrastructure support: While we are fortunate that the County-operated SE Regional Sewer System, in the area of the Clayton Fire, did not sustain major damage, County staff have had a great deal of emergency work to do relative to the disaster, to keep lift stations operating during outages (estimated at **$60,000**) and capping of numerous sewer connections for safety reasons at burned out sites (estimated at **$70,000**). This work is still in progress and cost still subject to determination. In addition to these costs, the SE Regional Sewer System lost 60 rate payers in the fire, decreasing revenues by **$72,000** per year in 2016-17 and ongoing, subject to the speed by which rate payers rebuild.

12. Impact on County Landfill: As a result of the fires, the County landfill faces continued infrastructure damage to the landfill roads and weigh scale system from the excessive quantity of heavy debris hauling operations. The extreme debris quantities will also require landfill staff to work overtime (estimated at **$10,000**) to support the increase in operations and expensive hiring of contract operators (**$350,000**) and equipment rentals (**$75,000**) that otherwise would have been performed more cost effectively by landfill staff. Repairs and costs of this nature are not factored into the landfill tipping fee which creates a non-sustainable financial situation.

13. Impact on Schools: The Transitional Kindergarten classroom at Konocti Unified School District was lost in the fire, along with two portable classrooms. Two additional portable classrooms sustained considerable damage, as did numerous other outbuildings which store school equipment and supplies. The cost for cleanup, repair, rebuilding of lost or damaged facilities and replacement of equipment is estimated at **$1,000,000**. Impacted classes are being moved into smaller, less suitable classrooms in the interim, while the school district makes plans for recovery.

14. Impact on Lower Lake Lighting District: The County operates and maintains a lighting district in the community of Lower Lake. Responsible staff have not been able to access the area as of this writing, so damage estimates are still pending. Costs to operate and maintain street lights are funded with property tax dollars, now reduced due to the destructive wildfires.

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15. Impact on Lower Lake County Water Works: This small water district estimates their losses to infrastructure at **$100,000**. This figure does not include LLCWW's emergency overtime work which is still in progress. The water system lost 1/3 of its customer base. In addition, approximately 200 water meters were lost or damaged in the fire and must be replaced. LLCWW was evacuated and without staff or power during the evacuation period. To bring their system back online, they utilized a great deal of mutual aid from other water districts and have not yet been able to place a value on the mutual aid or determine how reimbursement will occur. Given the complexity of disaster finance, the County is offering to support LLCWW in disaster claiming, under contract estimated at **$10,000**, to ensure LLCWW is able to claim all reimbursements to which it is entitled.

16. Impact on Local Fire Districts: Local Fire Districts estimate **$30,000** in additional costs for supplies and facility utilities associated with response to the fire. This estimate does not include additional personnel costs which are still being determined.

17. Crisis Counseling - the California Helping Outreach, Possibilities, Empowerment (HOPE) has provided crisis counseling and disaster recovery education to Lake County residents through community based outreach. Linked to the Valley Fire, this grant program was targeted to end soon. An extension of California HOPE, by the California Department of Health Care Services is needed to support Clayton Fire survivors, enabling the use of unspent funds for the Valley Fire event.

Other Concerns Relative to the Clayton Fire:

- Prosecution costs for Clayton Fire Arsonist: It is anticipated that a change of venue will be necessary to ensure a fair trial for this prosecution. In addition to the cost of venue change, the cost of Public Defender services to support said trial will be extensive. Preliminarily, we estimate up to **$600,000** in unanticipated County expense to adjudicate the arsonist arrested in connection with the Clayton Fire.

- CalHOME Notice of Funding Availability (NOFA): As you may be aware, the County has been actively working with California Department of Housing and Community Development (HCD) to develop the CalHOME NOFA which is soon to be released, making loans available for reconstruction to Valley Fire home owners. The County hereby requests that the Governor direct HCD officials to extend CalHOME program eligibility to Clayton Fire survivors.

- Community Development Block Grant (CDBG): The County has also been actively working with HCD, the California Water Board and the United States Department of Agriculture to patch together funding for needed infrastructure to support rebuilding in the severely devastated Valley Fire community of Anderson Springs. Given the devastation of the Clayton Fire, similar solutions will be needed for the community of Lower Lake.

08/22/16 LETTER TO MARK GHILARDUCCI:

On behalf of Lake County, I extend my heartfelt thanks to CalOES for all your assistance and support in the unprecedented disasters that have plagued Lake County over the past 13 months. You and your staff are truly incredible partners, whom we have come to rely upon.

We look forward to meeting with you very soon to discuss the needs and impacts of the Clayton Fire. We will travel to Sacramento to meet at your convenience.

Thank you again for all you are doing and have done to assist us in disaster response and recovery, promoting the safety and well-being of our communities.

Sincerely,

Carol J. Huchingson
County Administrative Officer

cc: Cathy Saderlund, Lake County Auditor-Controller, Disaster Finance Chief
Brian Martin, Lake County Sheriff-OES Director
Rob Brown, Lake County 5th District Supervisor
The Office of Senator Mike McGuire
The Office of Assemblyman Bill Dodd
The Office of Representative John Garamendi
The Office of Congressman Mike Thompson
Jody Traversaro, CalOES Regional Administrator