

TO: Honorable Board of Supervisors

DATE: August 31, 2021

FROM: Josh Huntsinger, Commissioner & Sealer
By: Kerri Timmer, Principal Management Analyst

SUBJECT: Agreement for French Meadows Forest Restoration Project – 2021 Implementation

ACTIONS REQUESTED

1. Approve the award of the 2021-2022 French Meadows Forest Restoration Project – 2021 Implementation contract to Markit! Forestry Management LLC in the amount of \$767,932.00 and authorize the County Executive Officer, or designee, to execute the contract and to execute contract change orders up to \$50,896.60 in accordance with the Public Contract Code, subject to County Counsel and Risk Management concurrence.

BACKGROUND

On April 27, 2021 your Board approved Modification Number 5 to the Supplemental Project Agreement (SPA) with the U.S. Forest Service (USFS) Tahoe National Forest (TNF) to the previously approved Master Stewardship Agreement (MSA) for the French Meadows Forest Restoration Project (Project), which provides authority to perform mechanical forest thinning operations, mastication of smaller trees, and the removal of material for biomass in a 22,000 acre region that surrounds French Meadows Reservoir as part of the Middle Fork Project (MFP) operational area.

On December 4, 2018, your Board approved a qualified list for RFQ No. 100062 which identified firms to provide the Project services described above. On March 4, 2021, Procurement Services and Department of Public Works (DPW) staff released a two-step bid solicitation for hazardous tree and debris pile removal, mastication, tree thinning, and road maintenance work at French Meadows Reservoir. Invitations for Bids were sent to nine (9) firms for the work. The bid solicitation resulted in contracts awarded by your Board for a number of tasks described above.

Subsequently, one of the successful bidders had to cancel its contract with the County due to moving its operations out of state. On June 18, 2021, Procurement Services released a second bid for this mechanical thinning and material removal work. On July 2, 2021, bids were received for Bid No. 20202, French Meadows Restoration Project – 2021 Mechanical Thinning. Markit! Forestry Management LLC (Markit) was the sole bidder. The Regional Forest Health Coordinator and Procurement Services determined that an award based on the sole bid response would not be in the County's best interest since Markit's bid exceeded the County's estimate for each unit of work. In accordance with section 3.4(G)(3) of the Procurement Policy, and with the Regional Forest Health Coordinator's concurrence, Procurement Services rejected the sole bid response, and then the Regional Forest Health Coordinator and Markit negotiated a scope of work and pricing acceptable to both parties.

As a part of the funding for this Project, the timber that is harvested by our contractors will be sold to Sierra Pacific Industries (SPI), which owns and operates the only two mills that are within practical driving distance of the Project. Larger logs will be brought to the Lincoln mill and smaller logs will be brought to the Oroville mill to be developed into lumber products. In 2019, a two-year agreement with SPI was signed and in late 2020 staff negotiated another two-year extension to the agreement which is valid for this season. The biomass produced will be sold to Rio Bravo, Rocklin, SPI, or another regional facility to create renewable electricity for the region at market rates to those entities.

The cost of producing these products is normally greater than what they can be sold for at market rates during this operational season; however, any revenue realized will be used to partially defer the cost of

the Project. The County's forester consultant and TNF staff will review the terms and, along with County Counsel, ensure appropriate value is realized.

More solicitations will be performed this year and brought to your Board for approval to attempt to accommodate all the proposed work on the Project.

This contract is a two-year contract in recognition of the fact that, if approved, the contractor will be starting work mid-season, with a high likelihood of work restrictions due to weather conditions and high fire risk. An estimated summary of secured and authorized remaining funds that will be utilized to complete the work on this Project is below (more funds are available if needed):

Timber Receipts	\$1,200,000
Cal Fire funding (via Sierra Nevada Conservancy (SNC) Agreement)	\$ 400,000
The Nature Conservancy (TNC) Agreement	<u>\$1,000,000</u>
Total	\$2,600,000

In order to move forward with the 2021-22 work for the Project, Staff and Procurement recommends that your Board approve the award of the 2021-2022 French Meadows Forest Restoration Project – 2021 Implementation contract to Markit! Forestry Management LLC for mechanical thinning and material removal services and authorize the County Executive Officer, or designee, to execute the contract and change orders up to \$50,896.60. A copy of the subject contract is on file with the Clerk of the Board.

ENVIRONMENTAL IMPACT

Two Notices of Exemption (NOE) were filed for this Project: 1) The Project is consistent with CEQA Guidelines Section 15308 (Class 8 CEQA Categorical Exemption: Actions by Regulatory Agencies for Protection of the Environment) because it is an action authorized by the Placer County Grading Ordinance that will help assure the maintenance, restoration, enhancement, or protection of the environment, and the regulatory process involves procedures for protection of the environment. This exemption was filed on December 21, 2018; and 2) The Project is consistent with Senate Bill (SB) 901. SB 901 provides that until January 1, 2023, CEQA would not apply to prescribed fire, thinning, or fuel reduction projects undertaken on federal lands to reduce the risk of high-severity wildfire that have been reviewed under the National Environmental Policy Act (NEPA). This exemption was filed on January 24, 2019. The NEPA Decision Notice for the French Meadows Restoration Project was signed by the TNF Forest Supervisor on December 12, 2018.

FISCAL IMPACT

Access to the approximately \$2,600,000 in secured funding will be available from the SNC / Cal Fire grant (PJ01187), TNC grant (PJ01759) and timber revenues (PJ01165) on a reimbursable basis to use during the 2021 implementation season. The grant funding for MFP nexus projects is budgeted in the Community and Agency Support appropriation during each fiscal year based on planned use.

ATTACHMENTS

None

On file with Clerk of the Board: Agreement with Markit! Forestry Management