



**MEMORANDUM
AGRICULTURAL COMMISSIONER &
SEALER OF WEIGHTS AND MEASURES**
County of Placer

TO: Honorable Board of Supervisors DATE: October 25, 2022
FROM: Josh Huntsinger, Agricultural Commissioner
By: Kerri Timmer, Regional Forest Health Coordinator
SUBJECT: Contract Cancellations with CTL Forest Management Inc. for the French Meadows Project

ACTION REQUESTED

Approve the cancellation of contract numbers SCN103112 and SCN102946 for mechanical thinning and biomass removal for the French Meadows Forest Project (FMP).

BACKGROUND

On July 7, 2020, your Board approved the award of contract SCN103112 to CTL Forest Management Inc. (CTL) in the amount of \$1,976,198 for mechanical thinning and biomass removal from the FMP, followed by amendment 1 fully executed on April 30, 2021, increasing the contract amount by \$124,162 for a new not to exceed amount of \$1,365,788.

On September 1, 2020, your Board approved the award of contract SCN102946 to CTL. in the amount of \$1,976,198 for additional mechanical thinning and biomass removal from the FMP, followed by amendment 1 fully executed on April 30, 2021, increasing the contract amount by \$197,619 for a new not to exceed amount of \$2,173,817.

In the last several years, extreme weather and fire conditions resulted in unexpected work restrictions in the national forest. These restrictions limited the number of full days operators were able to work and made it difficult for operators to maintain dedicated crews when they were offered more desirable work. In addition, some of our vendors, due to their expertise and specialty in forest operations, were often assisting with fire suppression and post-fire recovery work, making it difficult to keep crews and equipment dedicated and on standby.

As a result of the reasons listed above, CTL has requested to cancel its contracts with Placer County for the FMP. Staff concurs with CTL's request and recommends that your Board approve the cancellation of CTL contracts, SCN102946 and SCN1031112. The work remaining on these contracts will be resolicited and come back to your Board for future approval.

ENVIRONMENTAL IMPACT

The cancellation of CTL's contracts with Placer County on the FMP does not constitute a "Project" under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15378(a) and (b)(5) because it is an administrative action that does not result in any direct or physical change in the environment.

FISCAL IMPACT

For contract SCN103112, CTL has completed \$475,585.85 worth of work and has a remaining balance of \$890,202.15 in CC02004 Regional Forest Health. Contract SCN102946 has completed \$1,117,531.70 worth of work and has a remaining balance of \$1,056,285.30 in CC02004 Regional Forest Health. The remaining work can be incorporated into future bids as part of our regular procurement process for the FMP.

ATTACHMENTS

Attachment A - CTL letter requesting cancellation of French Meadows contracts



Attachment A

6069 Enterprise Dr.
Diamond Springs, CA 95619

Patty Armenteros
Senior Staff Services Analyst
Regional Forest Health
Placer County Agriculture Department
11477 E Avenue
Auburn, CA 95603

Re: French Meadows Project Contract Numbers SCN103112 and SCN102946 (the project).

Dear Ms. Armenteros,

In response to your July 18, 2022, email requesting a letter with the reasons for our request for the cancelation of Project Contract Numbers SCN103112 and SCN102946, I offer the following challenges that C.T.L Forest Mangement, Inc. (CTL) has not overcome with Placer County and the Forest Service:

1. CTL worked on the projects diligently in the years 2020 and 2021. Unfortunately, 75% of the available workdays were Industrial Fire Level EV on the PAL System, with an early shutdown required at 1:00 PM; CTL operated at a loss on the project in 2020 and 2021.
2. In 2022 we are seeing extraordinary inflation in fuel costs which are driving up the cost of doing work in this remote area, compounding the adverse economics of the project.
3. Due to the remote area, fuel costs, and lack of available work days due to high fire danger, we cannot attract a willing subcontractor to work on the project.
4. Due to the above, CTL requested standby compensation for our equipment and crews, a change in fire restrictions, and compensation adjustment in the contract without success.
5. Fire risk – CTL requested local fire support from Placer County and a fire response time from the Forest Service without success.

Regrettably, with the project's high fire risk and adverse economics, we can't continue prosecuting the project without a change in the contract and support that addresses the project's high fire risk, so we respectfully request a cancellation of the contract.

I appreciate your consideration in reviewing the problems above, and I am available to discuss the issues should Placer County want to address the problems rather than cancel the contract.

Sincerely,

Jeff Holland
President
C.T.L. Forest Management, Inc.