

Senator Bob Wieckowski, Chair
Senator Brian Dahle
Senator Mike McGuire
Senator Henry I. Stern



Tuesday, February 9, 2021
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State Capitol - Room 3191

Consultant: Joanne Roy

OUTCOMES

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3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 1: Various Capital Outlay Projects

Governor's Proposal. The Governor's budget includes following capital outlay projects at Parks. The chart below details estimated costs and details for each capital outlay project.

PROPOSAL	2021-22 GF Cost (in millions)	Total Project Cost (in millions)	PROPOSAL SUMMARY
Candlestick Point SRA: Initial Build- Out of Park	2.6	50	The Governor's budget requests \$2.66 million Proposition 68 funds for the Preliminary Plans phase of the Candlestick Point State Recreation Area: Initial Build-Out of Park project in San Francisco County. This new project will allow for the design and construction of the initial build-out of the park unit to provide core improvements, public access, and recreation enhancements. Total project costs are estimated at \$50 million (\$10 million Proposition 68 per Public Resources Code Section 80070 and \$40 million State Park Contingent Fund).
Oceano Dunes SVRA: Grand Avenue Lifeguard Tower	1.03	1.26	The Governor's budget requests \$1.026 million from the Off-Highway Vehicle Trust Fund for construction and equipment to develop a lifeguard tower headquarters at Oceano Dunes State Vehicular Recreation Area. The project would provide a full time, permanent observation tower throughout the year. The tower would provide preventative and responsive aquatic public safety response, medical and first aid to park visitors, an information center for visitors, an office location for lifeguards to perform administrative functions, and would satisfy mandatory training functions and activities required of the classification. This is a continuing COBCP.
Ocotillo Wells SVRA: Auto Shop Addition	1.5	1.7	The Governor's budget requests \$1.495 million from the Off-Highway Vehicle Trust fund for the construction phase of the auto shop addition project located at Ocotillo Wells State Vehicular Recreation Area. This project will expand the existing auto shop repair facilities by constructing an additional and larger repair bay and storage space immediately adjacent to the existing building to accommodate items in the current fleet. Currently, Ocotillo Wells SVRA staff conduct maintenance and repairs to vehicles outdoors, unsheltered in the extreme weather conditions found at this desert park.

<p>Prairie City SVRA: Initial Erosion Control</p>	<p>2.7</p>	<p>3.2</p>	<p>The Governor's budget requests \$2.667 million from the Off-Highway Vehicle Trust Fund for the construction phase of the Prairie City State Vehicular Recreation Area: Initial Erosion Control project to address erosion issues caused by storm water runoff at park, as required by the Federal Clean Water Act. Work will include the installation of sediment basins, storm water spray fields, drainage crossings, and riparian areas. In addition, there will be drainage control measures including culverts, diversion ditches and swales. The project will meet Best Management Practices for storm water management pursuant to the Federal Clean Water Act. A comprehensive Watershed Assessment Study, performed through a separate effort, will be used as a detailed guide in implementing this project.</p>
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Staff Recommendation. Approve as budgeted.

Issue 2: Community Engagement / Relevancy and History Program

Governor’s Proposal. The Governor's budget requests \$585,000 ongoing from the State Parks and Recreation Fund and four positions beginning in 2021-22 to institutionalize the Community Outreach Program and California Relevancy and History Interpretation Program. The four positions are intended to maintain existing program efforts and work to expand the projects across the state park system.

Background. Parks Forward Commission Recommends Increasing Access and Engagement. The California State Parks Stewardship Act and AB 1478 led to the formation of the Parks Forward Commission. One of the Commission’s recommendations was to expand park access for California’s underserved communities and urban populations, as well as better engage California’s younger generations. The Transformation Team - which is tasked with implementing the Commission’s recommendations - formed a Relevancy Committee that focuses on enhancing and developing outreach services to underserved communities.

Prior Funding for the Community Engagement and Relevancy Programs. The Budget Act of 2016 provided three positions and \$690K annually for a two years to establish the Community Outreach and California History Interpretation pilot programs in order to engage underserved and underrepresented communities. The Budget Act of 2018 included \$519,000 one-time for Parks to continue these efforts.

The Community Outreach Pilot Program. Through the Community Engagement program, Parks engaged underserved and underrepresented communities at two of the largest urban population centers in the state (Candlestick Point State Recreation Area and Los Angeles State Historic Park). The Community Engagement program continues to provide training and program opportunities at the pilot park locations.

The California Relevancy and History Interpretation Pilot Program. Through the California History Interpretation Pilot Program, Parks established a collaborative partnership with the University of California at Riverside and University of California at Santa Barbara to transform interpretation and education within the State Park System. The partnerships developed operational relationships to integrate professors, classes, and students, as well as underrepresented and underserved community groups. The

pilot project teams and community partners implemented a varied set of educational and interpretive activities and techniques including staff, students, volunteers, classes, historical research, archiving tasks, community engagement events, and presentation programming. Each aspect of these approaches made state parks more accessible, and connected with a broader, more diverse, and public while focused on engaging multi-perspective and inclusive historical interpretation.

The ultimate goal is to develop a program framework that can be taken to scale throughout the State Park System.

Staff Recommendation. Approve as budgeted.

Issue 3: Fire Prevention: Wildfire Risk: Defensible Space: Ember-Resistant Zones (AB 3074)

Governor's Proposal. The Governor's budget requests \$2 million General Fund (GF) ongoing, seven positions, and seven vehicles to comply with the requirements of AB 3074 (Friedman). The funding and positions requested would be used to implement the new boundary fuel modification and defensible space requirements in the 1.6 million acre state park system. In addition to the position cost, \$1 million is requested to be made available for park specific implementation projects. This proposal is the first phase of an effort to right-size a broader Fire resilience effort for Parks and its 1,800-plus structures.

AB 3074 requires an ember-resistant zone within five feet of a structure as part of the defensible space requirements for structures located in specified high fire hazard areas. The bill also requires removal of material from the ember-resistant zone based on the probability that vegetation and fuel will lead to ignition of the structure by ember. AB 3074 requires Parks to assess and revise defensible space requirements for dwellings and structures located in very high fire hazard severity zones. Specifically, this bill add requirements of an intense fuel reduction perimeter from five to 30 feet and an ember-resistant zone within a five-foot per miter of the dwelling or structure.

Background. An excess of 105,000 acres spanning 21 state parks have burned. Affected areas within Parks include forests and wild lands, historic structures, visitor facilities, and employee housing.

Parks recognizes the value and importance of maintaining defensible space perimeters around structures in very high fire hazard severity zones. However, Parks contends that prescriptive provisions of AB 3074 would afford local municipalities, park-adjacent landowners, and landowner associations extraordinary leverage over public trust resource management decisions. As a steward of natural and cultural resources, Parks needs augmented technical expertise to work collaboratively with adjacent property owners to identify minimum-impact opportunities to achieve shared goals of wildfire risk reduction and management public resource protection. Additionally, fuel modification efforts require a multi-disciplinary team approach by Parks staff with expertise and park-specific knowledge about natural, cultural, and resources working with facility managers on Parks' own defensible space needs. The technical requirements also include permitting and compliance expertise. Parks cannot meet the requirements of AB 3074 with existing resources.

Staff Recommendation. Approve as budgeted.

Issue 4: Local Assistance: Off-Highway Vehicle (OHV) Trust Fund

Governor's Proposal. The Governor's budget requests \$29 million Off-Highway Vehicle Trust Fund one-time for local assistance grants. The OHV local assistance program supports the planning, acquisition, development, maintenance, administration, operation, enforcement, restoration, and conservation of trails, trailheads, areas and other facilities associated with the use of off-highway motor vehicles and programs involving off-highway motor vehicle safety or education.

Staff Recommendation. Approve as budgeted.

Issue 5: Native American Cultural Preservation (AB 275)

Governor's Proposal. The Governor's budget requests \$770,000 GF ongoing and five positions to comply with the requirements of AB 275 (Ramos), Chapter 167, Statutes of 2020.

AB 275 requires Parks to submit inventory of Native American human remains or cultural artifacts in their possession to the California Native American Heritage Commission. The five positions will provide tribal consultation, identification of artifacts, research, identification and maintenance of confidential geographical locations for reinterment of items within the state park system.

Staff Recommendation. Approve as budgeted.

Issue 6: Statewide: State Park System Acquisition Program

Governor's Proposal. The Governor's budget requests \$6.3 million GF and \$6.3 million in reimbursement authority for opportunity and inholding land acquisitions throughout the state. This new project will provide funds for State Parks and the Department of General Services to conduct property evaluations and complete due diligence prior to Parks requesting acquisition approval. These funds will also be used to acquire approved real property in-holdings, parcels adjacent to or near an existing unit in the State Park System, or parcels available through tax default. This will enable Parks to rapidly acquire high-priority parcels throughout the State and eliminate potential and existing management problems, and leverage matching federal funds.

Staff Recommendation. Approve as budgeted.

Issue 7: Woolsey Wildfire Repair — Phase II

Governor's Proposal. The Governor's budget requests \$10 million GF one-time and \$23.35 million in reimbursement authority for Phase II continuation of the Woolsey Fire rebuild project. Federal Emergency Management Agency funding will be the source of the reimbursements for this proposal.

Staff Recommendation. Approve as budgeted.

3340 CALIFORNIA CONSERVATION CORPS**Issue 8: Corpsmember Counseling; Case Management; and Transition to College, Career or Training**

Governor's Proposal. The Governor's budget requests \$1.953 million (\$1.132 million GF and \$821,000 Collins-Dugan Reimbursement Account) to continue funding to make the Navigator Pilot program permanent by providing continued funding for 14 Associate Governmental Program Analyst positions and consultant costs. These resources are intended to strengthen the career pathways of Corpsmembers to college, career, or advanced training by providing case management services, mental health, and substance abuse counseling.

If this proposal is approved, CCC intends to utilize the counseling/wellness funding to continue existing resources/programs, which include consulting and counseling for each of the districts. Counselors and wellness programs would also continue to provide mental health and substance abuse resources directly to Corpsmembers.

Background. The 2018-19 budget included a three-year funding increase to CCC's budget and position authority so that CCC could "strengthen the career pathway of Corpsmembers to college, career, or advanced training by providing case Management services. CCC used this pilot program funding to design and implement a Career Transition Navigator pilot program that augmented and reinforced the skills and resources associated with CCC's Career Development and Transition course.

CCC hired the first "Navigator" in December 2018 and filled the last Navigator position in October 2019. During that time, CCC developed a comprehensive transition program, refined career and educational pathways related to CCC service, and began systematically tracking data concerning Corpsmembers' progress along and beyond those pathways. Thus, for the first time, CCC was able to track and measure Corpsmember accomplishments during and after their time in CCC and to make adjustments to its Corpsmember Development Program (which includes the Transition Navigator pilot program) based on consistently captured Corpsmember data.

Staff Recommendation. Approve as budgeted.

Issue 9: Watershed Stewards Program (WSP)

Governor's Proposal. The Governor's budget requests position authority for one Conservation Supervisor, two Conservationist II, and one Management Services Technician ongoing for the CCC's Watershed Stewardship Program in partnership with AmeriCorps/CalVolunteers. Adding four permanent positions is intended to provide stability for a program that provides natural resource conservation experience to Corpsmembers and scientific data to local non-profits, local governments, and other entities. This proposal has a net zero fiscal impact.

CCC would like to establish full oversight of the program staff as a commitment to continuing this program. This request would secure four positions as permanent state staff for WSP, which is intended to increase staff retention and subsequently improve program delivery.

Background. The CCC WSP, in partnership with AmeriCorps, places Corpsmembers in science

internships to perform field surveys, which contribute to the conservation and restoration of anadromous watersheds. The mission of WSP is to conserve, restore, and enhance anadromous watersheds for future generations by linking education with high quality scientific practices. WSP has operated since the 1990s and serves 44 Corpsmembers annually.

Staff Recommendation. Approve as budgeted.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)**Issue 10: Fire Prevention: Wildfire Risk: Defensible Space: Ember-Resistant Zones (AB 3074)**

Governor's Proposal. The Governor's budget requests \$3.2 million GF one-time to educate the public, and for the Board of Forestry and Fire Protection to develop the necessary regulations on the provisions for a zero to five-foot ember-resistant zone set forth in AB 3074 (Friedman), Chapter 259, Statutes of 2020.

Background. AB 3074 requires a person who owns, leases, controls, operates, or maintains a building or structure in the State Responsibility Area (SRA) or in Very High Fire Hazard Severity Zones (VHFHSZs) in Local Responsibility Areas (LRAs) to maintain an ember-resistant zone within five feet of the structure and to perform more intense fuel reductions between five and thirty feet around the structure and any attached deck.

The new zero to five-foot ember-resistant zone will require a significant paradigm shift for homeowners and tenants regarding defensible space standards. Currently a significant number of properties are compliant during the forest inspection by a CalFire Defensible Space Inspector (DSI). CalFire estimates that very few properties will initially be compliant with the new zero to five-foot ember-resistant zone. CalFire DSIs will likely be required to spend additional time at each property explaining the requirements, which will likely lead to an increase in workload and the inability to inspect as many properties within the same timeframe. With the estimated amount of first inspection compliance dropping given the new requirements, staff would have to spend additional time conducting re-inspections.

Staff Recommendation. Approve as budgeted.

Issue 11: Pipeline Safety Division Staffing

Governor's Proposal. The Governor's budget requests \$1.687 million California Hazardous Liquid Pipeline Safety Fund, \$1.602 million Federal Trust Fund, and five permanent positions in 2021-22 and ongoing to research best available leak detection and automatic shutoff technologies for pipelines, review pipeline operators risk assessments, verify assessment of hazardous liquid pipelines near ecologically and environmentally sensitive areas of the coast, manage leak detection and automatic shutoff technologies, and perform field verification on equipment installed per operator's risk assessments as required by AB 864 (Williams), Chapter 592, Statutes of 2015.

Background. The Office of the State Fire Marshal (OSFM) currently regulates the safety of approximately 6,000 miles of intrastate hazardous liquid pipeline, which includes 2,000 miles of "out-of-service" pipeline. OSFM Pipeline Safety Division staff inspect pipeline operators to ensure compliance with federal and state pipeline safety laws and regulations, consist of engineers, Geographical Information System/mapping staff, analytical staff, and clerical support located throughout the state.

OSFM expects the Coastal Best Available Technology (CBAT) regulations developed pursuant to AB 864 to significantly increase the workload of the OSFM Pipeline Safety Division. As CBAT regulations are in effect in 2020, OSFM is tasked with verifying the use of best available technology on pipelines to

reduce the amount of oil released in a spill, tracking and verifying installation of automatic shutoff systems, assessing the adequacy of the pipeline operator's risk analysis, managing requests by an operator for confidential treatment of information submitted in their plan or contained in any documents associated with the risk analysis, and determining if a pipeline is coated in an environmentally and ecologically sensitive area and is therefore subject to regulation based on the likelihood of the pipeline impacting those areas.

Staff Recommendation. Approve as budgeted.

Issue 12: Code Development and Analysis

Governor's Proposal. The Governor's budget requests one position and \$482,000 Building Standards Administration Special Revolving Fund for the Office of State Fire Marshal's (OSFM's) Code and Development and Analysis Division (Division) starting in 2021-22. This request is intended to allow for a thorough review of code changes, the timely adoption of current national standards, and the effects on existing code that will identify and then clarify any confusing, duplicative, or conflicting codes.

Background. The Division within OSFM is currently relying on four positions to manage program operations and to support the largest proportion of the Division's workload, dedicated to the developing and maintaining regulations and standards. The OSFM is responsible for the adoption and maintenance of regulations in California Code of Regulations, Title 19, Division 1, State Fire Marshal, which contains all OSFM non-building regulations. The OSFM also reviews all other agencies proposed regulations for fire and life safety that are part of the nine-point criteria from the Administrative Procedure Act.

Staff Recommendation. Approve as budgeted.

Issue 13: CalFire Aviation Program: Contracts Increases

Governor's Proposal. The Governor's budget requests \$9.733 million GF in 2021-22, \$8.006 million GF in 2022-23, and \$5.014 million GF in 2023-24 to support two optional years of aviation parts and logistics vendor contract increases as well as follow-on contract increases for CalFire's fixed-wing pilots and aviation fleet mechanics.

Background. CalFire operates the largest aerial wildland fire suppression fleet in the world. CalFire's tactical aircraft fleet provides support to ground crews helping to slow a fire's progression, allowing engines and crews to complete the suppression process.

CalFire's Aviation Management Unit (AMU) is tasked with both providing aviation assets and performing scheduled routine maintenance on aircraft throughout the year. In December 2001, it was deemed necessary by the state to have contracts with aviation logistical support companies to provide necessary personnel to support the operation and maintenance of the state's fleet of firefighting aircraft under the general direction of state officers, who monitor the contractor's performance to ensure contract compliance, safety, and security of assets, provide general direction, and set priorities for program operation.

The initial AMU base budget supported air tactical resources, consisting of 23 S2T Grumman Tankers, 16 OV-10 Broncos, 12 UH1H Super Huey Helicopters, two A200CT King Air, and one Beechcraft Baron 58. Due to an increase in wildfire activity and an aging existing fleet, subsequent, incremental

funding for contracted pilots, parts, and support is necessary so that CalFire maintains an effective and sustainable aviation program.

Staff Recommendation. Approve as budgeted.

Issue 14: Exclusive Use Aircraft Budget Bill Language (BBL)

Governor's Proposal. The Governor's budget requests to add BBL to Items 3540-001-0001 and 3540-006-0001 to waive specified state contracting requirements to enable CalFire to contract for Exclusive Use (EU) aircraft quickly, up to certain thresholds, to address emergency fire conditions and support fire suppression operations.

Background. CalFire, along with all other wildland firefighting agencies nationwide, utilize the same limited pool of contract aerial firefighting resources during major fires and periods of dangerous wildfire conditions. At times when the western United States is facing dangerous fire conditions, competition for these limited resources is high.

The challenge CalFire faces through the state contracting process of competitive bidding for EU contracts is the specific requirements for advertising and bidding. These standard processes do not consider emergency needs. CalFire has historically entered these agreements once a State of Emergency has been declared, relieving CalFire of the standard contracting requirements of advertising and bidding. However, over the past several years, the state has experienced unprecedented wildfire activity with increases in the number and severity of wildfires. CalFire is often keenly aware early on that an EU contract will be necessary, however, have limited flexibility to contract immediately thereby hindering its ability to ensure aircraft are ready and able to support CalFire. Based on the urgency of these contracts, there is not enough time to go through a competitive bidding process.

Staff Recommendation. Approve as budgeted.

Issue 15: Wildland Firefighting Research Grant

Governor's Proposal. The Governor's budget requests \$5 million GF one-time in 2021-22 to provide a pass-through grant to California State University (CSU), San Marcos to study enhanced firefighting equipment and strategies to protect firefighters from the conditions present during wildfires in the wildland-urban interface (WUI).

The draft work plan developed by CSU San Marcos for this research identifies some of the following potential areas of research and evaluation: strategies to protect against smoke exposure; personal protective equipment and decontamination; and methods to improve hydration, reduce heat stress, and monitor related cardiac issues. The outcomes of the research are intended to inform CalFire WUI education best practices and training. CSU San Marcos is projecting that the research study will take place over the course of two years, with final research reports being available in 2023-24.

Background. CalFire currently cooperates with various research institutions and programs for the purposes of studying wildfires. CalFire partners with University of California (UC) Berkeley, UC Davis, UC Merced, California Polytechnic State University, California State University (CSU) Humboldt, CSU San Jose, and the University of San Francisco on a broad range of fire research topics ranging from fire behavior to fire weather modeling.

For the past eight years, CalFire also has partnered with CSU San Marcos for the purposes of researching and understanding the relationship between diverse factors that firefighters encounter while responding to wildland fires. These factors include carbon monoxide, carbon dioxide, hazardous air pollutants, and particulates. CSU San Marcos has also evaluated health issues related to general exposure of firefighters during wildland fire events, including measuring core body temperature, heat exposure, heart rate, respiration rate, and dehydration.

There has been extensive research in various areas of firefighting, including urban and structure firefighting, which has informed various measures, strategies, and approaches for these areas of firefighting to increase attack effectiveness, support the development of new tools and technologies, and prevent or mitigate exposure for firefighters. However, this same research has not been conducted specifically for wildland firefighting in the WUI, so there are less resources available to inform wildland firefighting strategies. Also, CalFire has not had the opportunity to engage with research institutions on more specific firefighting activities and strategies within the WUI.

CalFire notes that advanced knowledge of wildland firefighting within the WUI is lacking in the following areas: (1) advancements in wildland firefighting strategies, technology, and equipment in the WUI; (2) approaches and tools to improve identification of threats and exposures to wildland firefighters; and (3) means of improving firefighter health and safety when engaged in firefighting wildfires in the WUI.

Staff Recommendation. Approve as budgeted.

DISCUSSION

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 16: Fiscal Stability for Boating Programs

Governor's Proposal. The Governor's budget proposes various adjustments to the Harbors and Watercraft Revolving Fund (HWRF) to stabilize the fund. Specifically, this request includes:

- An ongoing baseline reduction of \$1.962 million to state operations,
- An ongoing baseline reduction of \$11.987 million to local assistance funding,
- A \$10M General Fund transfer annually for two years to sustain the fund while changes are implemented.
- Trailer bill language to implement an increase to vessel registration fees from \$10 to \$35 per year.

More specifically, according to the LAO, the Governor proposes the following approach to addressing the HWRF imbalance:

Raise Vessel Fees (\$22 million). The proposal would increase the existing biennial fees charged for vessel registrations and renewals from \$20 to \$70 (and from \$10 to \$35 for new registrations in even years). Parks estimates this increase would raise about \$36 million in even years and \$6 million in odd years, providing an average of \$22 million to support annual expenditures across each two-year cycle.

Reduce HWRF Expenditures (\$20 million). The Administration proposes the following ongoing reductions to existing HWRF-funded programs:

- *Public Beach Restoration Fund Grants (\$6 million).* The Governor proposes to stop making annual transfers from the HWRF to this fund. The transferred monies have been used to provide grants to local entities to add sand to eroded beaches. While the amounts provided have varied year by year, they have averaged about \$6 million annually.
- *Boat Launching Facility Grants (\$5.7 million).* The proposal would more than halve this existing program, which has not been fully subscribed in recent years. The program, currently funded at about \$12 million annually, provides grants to qualifying public agencies to fund facilities such as boat launching ramps; boarding floats; and associated parking areas, restrooms, and lighting for motorized and nonmotorized boaters.
- *Marina Loan Program (\$5.5 million).* The Governor proposes to eliminate this program because it has had very little demand in recent years. The program provides loans to qualifying public and private entities to pay for improvements to marinas.
- *Aquatic Invasive Species Program (\$2 million).* The proposal would recognize ongoing state operations savings that this \$12.5 million program has experienced from staff vacancies in recent years. The program undertakes activities to control invasive plants and species, such as water hyacinth and quagga and zebra mussels.
- *Quagga and Zebra Mussel Infestation Grants Program (\$750,000).* The proposal would reduce

this \$3.8 million program by an amount that reflects funds not fully utilized in recent years. The program provides grants to reservoir operators to develop prevention plans for avoiding mussel infestations.

Provide Temporary General Fund (\$10 million). The proposal would provide General Fund transfers of \$10 million to HWRF in both 2021-22 and 2022-23 to help cover costs.

Funds Department of Motor Vehicles (DMV) to Administer Fee Change. The proposal assumes a one-time cost of \$3.3 million in 2021-22 for DMV to adjust its systems for the proposed registration fee changes. Parks incorporated this cost into its anticipated expenditures for the HWRF in 2021-22 and would fund it out of the increased fee revenues.

Administration States It Will Pursue Additional Revenue Solutions in Future Years. In part due to the General Fund being proposed for just two years, Parks projects that under the Governor's proposal the HWRF would again face a funding shortfall beginning in 2024-25. The department states that it will work with stakeholders over the next couple of years to develop another funding proposal — likely a different fee structure — to present for the Legislature's consideration.

Background. Structural deficit within the Harbors and Watercraft Revolving Fund (HWRF). HWRF is the primary fund source for boating programs. The fund is sustained by vessel registration fees and motor vehicle fuel tax revenues attributable to boating. The vessel registration fee was \$5 until 2005 when it was raised to its current level of \$10 per year. Revenues into the fund has remained relatively constant while expenditures from the fund have increased, especially in the last 10 years. The increasing cost pressures include legislative expansion of programs and increasing employee compensation costs. Without additional revenue sources to keep pace with the increased expenditures, the fund has a \$52 million structural deficit.

LAO Comments. Fund Supports Boating-Related Activities. The HWRF is used to support various boating-related activities, including management of invasive aquatic plants and other species, as well as local assistance grants for boating facilities and safety programs. The department also makes regular transfers from the HWRF to the Public Beach Restoration Fund, which provides grants for sand replenishment projects.

Most Revenue Generated From Vessel Registration Fees and Fuel Taxes. The HWRF receives a significant portion of its revenue from vessel registration and renewal fees, as well as transfer of gas tax revenues from the Motor Vehicle Fuel Account. Vessel registration renewals in California are conducted on a biennial basis. As a result, fee revenue for the HWRF fluctuates predictably each year.

Initial Registration Fees. The state charges an initial registration fee of \$20 for most vessels that are registered in odd years and \$10 for those registered in even years (the second year of a two year cycle).

Renewal Fees. The state also charges a registration renewal fee that is due every two years in odd numbered years totaling \$20 for most vessels.

Fee Levels Have Not Been Updated in Many Years. The existing vessel registration and renewal fee levels have been in place since 2005.

Fund Has Ongoing Structural Imbalance. Annual expenditures from the HWRF now exceed its typical level of revenues. This imbalance arose from several factors, including factors related to both expenditures and revenues.

Increasing Expenditures. Annual expenditures from the HWRF have nearly doubled in less than a decade — increasing from \$48 million in 2014-15 to \$94 million in 2020-21 — due to factors such as increases in employee compensation, addressing a growing prevalence of aquatic invasive species, and because of new activities that have been shifted onto the fund.

Declining Revenues. Vessel registration revenues have been relatively flat in recent years because the registration fees have not changed, averaging about \$16 million across the two-year collection cycle. However, the 2019-20 budget made a technical correction to how gas taxes are allocated that resulted in a significant reduction in the amount of annual revenues that are transferred from the Motor Vehicle Fuel Account into the HWRF. Due primarily to this change, total revenues for the fund have declined from an average of about \$58 million annually across 2014-15 through 2017-18, to an annual average of about \$40 million projected across 2020-21 and 2021-22.

Department Has Relied on Reserves to Manage Shortfall in Recent Years. The HWRF has faced a revenue shortfall for the past couple of years — including 2020-21 — which Parks has covered primarily by drawing down the fund’s reserves (including savings from underutilized grant programs).

Current Operating Shortfall Roughly \$54 million. The Administration estimates that absent any corrective actions, the fund will have an annual gap of approximately \$54 million across its two-year fee collection cycle between existing revenues of roughly \$40 million and existing expenditures of roughly \$94 million.

Governor Proposes Three-Part Approach to Addressing Shortfall in the HWRF. The Governor proposes to (1) make ongoing expenditure reductions, (2) raise vessel registration fees, and (3) provide temporary General Fund to address a roughly \$54 million structural imbalance between the fund’s revenues and expenditures. This would provide the fund with sufficient funding, but only for the next few years.

Action Needed to Address Shortfall This Year. As the HWRF does not have sufficient funding to meet anticipated expenditures this year, the Governor’s proposal addresses an important issue. While the Governor’s proposal does not represent the only available options or addressing the problem, the Legislature will need to adopt some set of solutions to confront this shortfall in 2021-22 if it wants to avoid major programmatic disruptions.

The LAO finds merit in the Governor’s approach of addressing the funding shortfall by making both revenue *and* expenditure changes. Relying exclusively on raising revenues could create cost difficulties for boat owners, while solving the problem solely through expenditure reductions would have significant negative impacts on the programs the HWRF supports.

Reasonable to Raise Vessel Registration Fees. These fees support programs that benefit boaters. As such, raising vessel registration fees to generate additional revenues to support these programs makes sense.

Fees Have Not Increased in Many Years. Holding fees flat for so many years — since 2005 — has benefited boat owners, but has also meant that HWRF revenues have not kept pace with inflation or with increasing program costs like addressing the growing prevalence of aquatic invasive species.

Legislature Could Set Fee Increases at Different Levels. The Governor’s proposal to add a flat \$50 to existing biennial fees is simple and transparent. However, the Administration has not provided a rationale for why this is the “right” amount of fee increase. For example, the proposal is not directly aligned with

increases in programmatic costs or comparable changes in registration fees for other types of vehicles. As such, the Legislature could consider increasing fee levels by a higher or lower amount depending upon how much revenue it seeks to generate.

Legislature Could Also Pursue Alternative Approach to Generating Revenues. The Legislature could adopt a more sophisticated vessel registration fee structure, such as one that charges different amounts depending on the length of the boat. Moreover, the Legislature could explore charging fees on other parties who do not typically pay revenues into the HWRF, such as nonmotorized boat owners (who also benefit from the programs the fund supports) and large, commercial ships (that contribute to the spread of aquatic invasive species). Additionally, the Legislature could consider directing additional gas tax revenues from the Motor Vehicle Fuel Account to the HWRF.

Proposed Expenditure Reductions are Well Targeted. The LAO believes the Governor has chosen an appropriate package of HWRF-funded programs to reduce on an ongoing basis.

Most Proposed Reductions Likely Would Not Have Significant Programmatic Impacts. According to Parks, the majority of the programs targeted for reduction have been experiencing savings in most years. This is primarily because of diminishing numbers of applicants for the loan and grant programs, as well as salary savings from vacancies in the aquatic invasive species program. As such, most of the reductions would simply reflect a “truing up” of actual expenditures over the past few years. (Absent making these reductions, these programmatic savings would otherwise materialize in the HWRF’s fund balance a year or two after funds were budgeted.)

Beach Restoration Program Not Best Fit for Boat Fee. The one reduction that likely would have a more significant programmatic effect is the proposal to stop transferring roughly \$6 million annually for beach replenishment grants. However, the nexus between who benefits from that program — public beach goers, homeowners, and local communities — and how pays for into the HWRF — boat owners — is not particularly strong. As such, the Governor’s proposal is reasonable. (Should the Legislature have concerns about the programmatic impacts of reducing funding for beach restoration activities, it may want to consider identifying alternative funding sources for that program.)

Legislature Could Seek to Make Additional Expenditure Reductions. While the Governor’s proposals seem well targeted, the Legislature could also consider making additional reductions to HWRF expenditures to help address its funding imbalance. For example, the Legislature could investigate whether some existing expenditures could be shifted to other funding sources, such as whether other state departments — such as State Lands Commission or the California Department of Fish and Wildlife — may collect fees that could support some of Parks’ aquatic invasive species projects.

Does Not Permanently Address Structural Imbalance. The Governor’s proposal would address the pending insolvency of the HWRF, but only for the short term. Because the proposal relies on temporary support from the General Fund, the funding shortfall will rematerialize. Parks estimates that the funds will run short on funding in 2024-25.

Proposal Could Require Another Fee Increase in a Few Years. Parks indicates that it likely will present the Legislature with a new fee proposal to address the reemerging funding shortfall in future years. Should the Legislature adopt the Governor’s significant increase to registration fees in 2021-22, revisiting fees for another increase just a few years later could be difficult for both stakeholders and the Legislature. This approach likely also would necessitate two rounds of updates to the DMV’s systems, which would not be the most cost-effective approach.

LAO Recommendations. *Address Structural Imbalance in HWRF.* Whatever solution the Legislature adopts to address the shortfall in this fund, the LAO recommends it (1) address the problem in the budget year, (2) include both revenue increases and expenditure reductions, (3) raise registration fees that have been stagnant for over 15 years and not kept pace with program costs, (4) minimize programmatic impacts on existing activities, and (5) put the fund on a path towards long-term stability. The Governor’s proposal meets most of these criteria and therefore is a reasonable starting point, however, it does not provide a permanent solution to the fund’s structural problems. As such, the LAO recommends the Legislature consider adopting additional solutions to address the remaining shortfall — even if it opts to have those solutions trigger on in future years when needed.

Legislature May Want to Consider Adopting a Permanent Solution. In lieu of approving the Governor’s proposed short-term solution and needing to revisit the HWRF shortfall — and fee increases — again in a few years, the Legislature may want to consider instead adopting an approach that would permanently address the HWRF imbalance. Two options that would accomplish this goal include:

- *Design and Implement Ongoing Solution Beginning in 2021-22.* The Legislature could adopt expenditure reductions and an alternative fee increase that would raise additional revenue to bring the HWRF into sustainability on an ongoing basis beginning in 2021-22. This would negate the need for both short-term General Fund augmentations and revisiting the fees in a few years. However, designing such an approach will be somewhat complicated — particularly if the Legislature opts to restructure the current fee and apply charges to other entities — and could be difficult to accomplish over the next few months before the budget must be enacted.
- *Adopt Governor’s Proposal With a “Trigger.”* Another approach would be to adopt (1) the Governor’s proposal to address the structural deficit over the next few years and (2) trailer bill legislation for additional fee increases — and potentially also expenditure reductions — that would trigger on in 2024-25 when the fund is projected to become insolvent. This would ensure that a longer-term solution is in place while also providing additional time for the department and stakeholders to work on an alternative proposal. This is similar to the Governor’s proposal in that it would necessitate limited-term General Fund appropriations and two different changes to registration fees. The comparative advantage of this approach, however, is that it ensures that a permanent solution is in place should the department’s efforts to develop a good alternative — or the Legislature’s desire to take another action on a subsequent fee increase — prove infeasible.

Staff Comments. The boating fee increase is a simple majority vote because the fee confers a benefit to the payer that is not provided to those not charged the fee and it does not exceed the department’s reasonable costs provide the benefit. Thus, it would not require a two-thirds vote.

Staff Recommendation. Hold open.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)

Issue 17: Capital Outlay Projects

Governor's Proposal. The Governor's budget proposes the following CalFire capital outlay projects:

Proposal	GF Cost in 2021-22 (In millions)	Total Estimated Cost (In millions)	Proposal Summary
Alhambra Valley Fire Station – Relocate Facility	2.5	12.408	The Governor's budget requests \$2.5 million GF for the acquisition phase of the Alhambra Valley Fire Station: Relocate Facility project. The project will acquire a suitable parcel, relocate the Steven's Creek Fire Station and construct a standard one-engine fire station with two-bay apparatus, an eight-bed barracks and battalion chief's office, a generator/pump/storage building, and a flammable storage building. Additionally, the scope of work will require site work and utilities, as needed. This is a new project.
Alma Helitack Base: Relocate Facility	5	33.888	The Governor's budget requests \$5 million GF for the acquisition phase of the Alma Helitack Base — Relocate Facility project. This project includes site acquisition and construction of a 28-bed barracks/mess hall bundling, a helicopter hangar, a helitender storage, two landing pads (one primary and one secondary pad for taking the current helicopter out of service for required maintenance), an administrative office space, an antenna, a tower base and radio, a warehouse space, a flammables storage building, a generator building, and a helicopter training tower. This is a new project and located in Santa Clara County.
Boggs Mountain Helitack Base: Relocate Facility	2	22.649	The Governor's budget requests \$2 million GF for the acquisition phase of the Boggs Mountain Helitack Base — Relocate Facility project. This project includes site acquisition and construction of a helicopter hangar, support vehicle garage, 22-bed barracks building, generator/pump/storage building, wash rack canopy, hazmat/retardant storage, and helicopter-training tower. This is a new project located in Lake County.
Butte Fire Center: Replace Facility	2.745	59.657	The Governor's budget requests \$2.745 million GF for the working drawings phase of the Butte Fire Center: Replace Facility project. The project includes an administration building, a CalFire bachelor office quarters, a warehouse, a California Conservation Corps utility storage garage, a six- to ten-bed corps member dormitory, a fuel island storage building, an emergency generator/fire pump building, a multipurpose gym/weight room, and a recyclable vehicle wash building. This is a continuing project located in Butte County.
Elsinore Fire Station – Relocate Facility	1.8	15.413	The Governor's budget requests \$1.8 million GF for the acquisition phase of the Elsinore Fire Station — Relocate Facility project. The project includes site acquisition and construction of a 12-bed barracks/3-bay apparatus single building fire station, a storage building, a fuel island canopy, a generator/pump building, and a vehicle wash rack system. This is a new project located in Riverside County.

Growlersburg Conservation Camp: Replace Facility	3.05	59.265	The Governor's budget requests \$3.05 million GF one-time for the working drawings phase of the Growlersburg Conservation Camp — Replace Facility project. In conjunction with the California Department of Corrections and Rehabilitation (CDCR), the project includes the design and construction of an administration building, inmate dorm building, inmate recreation building, inmate hobby building, CalFire/CDCR barracks building, inmate kitchen and mess hall, multipurpose facility for inmate programs, inmate staging area, restrooms, showers, a warehouse, carpentry shop, auto/welding shop, vehicle storage building, sawmill shed, sawmill building, covered vehicle wash rack, vehicle wash recycling building, and related site work. This is a continuing project located in El Dorado County.
Hemet Ryan Air Attack Base: Replace Facility	1.931	37.523	The Governor's budget requests \$1.931 million GF one-time for the working drawings phase of the Hemet Ryan Air Attack Base: Replace Facility project. The project includes the construction of an air operations building, 32-bed barracks/mess hall, three-bay apparatus storage and warehouse building, hangar, protective aircraft weather canopy, and a helicopter-training tower. This is a continuing project located in Riverside County.
Higgins Corner Fire Station — Replace Facility	0.789	12.029	The Governor's budget requests \$789,000 GF one-time for the preliminary plans phase of the Higgins Corner Fire Station — Replace Facility project. The project includes site acquisition and construction of a standard, two-engine fire station, including a 12-bed barracks/3-bay apparatus building, administration building, flammable storage building, and generator/pump/storage building. This is a continuing project located in Nevada County.
Hollister Air Attack Base/Bear Valley Helitack Base: Relocate Facilities	12.15	53.55	The Governor's budget requests \$12.15 million GF one-time for the acquisition phase of the Hollister Air Attack Base/Bear Valley Helitack Base — Relocate Facility project. This project includes site acquisition and construction of an air operations building, 32-bed barracks/mess hall, 3-bay apparatus storage and warehouse building, helicopter and OV-10 hangar, protective aircraft weather canopy, helicopter training tower, and site work as needed. This is a continuing project located in San Benito County.
Howard Forest Helitack Base: Relocate Facility	0.55	17.985	The Governor's budget requests \$550,000 GF one-time for the acquisition phase of the Howard Forest Helitack Base — Relocate Facility project. This project includes a helicopter hangar, lighted helipads, support vehicle garage, 22-bed barracks building, generator/pump/storage building, wash rack canopy, hazmat/retardant storage, and helicopter-training tower. This is a new project located in Mendocino County.
Humboldt-Del Norte Unit Headquarters: Relocate Facility	1.86	57.317	The Governor's budget requests \$1.86 million GF one-time for the acquisition phase of the Humboldt-Del Norte Unit Headquarters: Relocate Facility project. This project includes an administration/training building, service center building, auto shop, covered vehicle wash rack with water recycle system and building, telecommunications building, covered parking structure for 15 vehicles (with photovoltaic panels), standard two-engine fire station with a dozer/transport dozer shed, two generator/pump/storage buildings (with generators), radio communications tower, site development, utilities, propane or natural gas system, septic system, domestic water well with water treatment and storage, fire suppression water system with water storage, landscaping and irrigation, site lighting and fencing, and telephone and radio cabling. Demolition and hazardous materials abatement, at the existing site, will be required upon completion of the new site. This is a new project in Humboldt County. Total estimated project costs are \$57.317 million.

Intermountain Conservation Camp: Relocate Facility	0.6	73.895	The Governor's budget requests \$600,000 GF one-time for the acquisition phase of the Intermountain Conservation Camp: Relocate Facility project. This project is in conjunction with the California Department of Corrections and Rehabilitation (CDCR). The project includes CalFire/CDCR administration buildings, bachelor officer quarters, inmate dormitory, inmate kitchen/mess hall, inmate recreation building, inmate laundry building, inmate staging area, CalFire warehouse, CDCR warehouse, CalFire maintenance shop building, five-bay auto shop building, five-bay emergency crew transport building, two-bay dozer/transport building, garage, inmate family visit building, generator building, pump building, fire pump building, storage building, and a flammables storage building. This is a continuing project located in Larsen County.
Kneeland Helitack Base: Relocate Facility	0.85	18.285	The Governor's budget requests \$850,000 GF one-time for the acquisition phase of the Kneeland Helitack Base: Relocate Facility project. This project includes a helicopter hangar, support vehicle garage, 22-bed barracks building, generator/pump/storage building, wash rack canopy, hazmat/retardant storage, and helicopter training tower. This is a new project located in Humboldt County.
Macdoel Fire Station: Relocate Facility	0.796	11.879	The Governor's budget requests \$796,000 GF one-time for the acquisition and preliminary plans phases of the Macdoel Fire Station - Relocate Facility project. This project includes a single-building 12-bed barracks/3-bay apparatus facility, flammable storage building, generator/pump building, hose rack, and fueling canopy. This is a continuing project located in Siskiyou County.
Minor Projects: Various	2.005	2.005	The Governor's budget requests \$2.005 million for two minor projects: 1) Owens Valley Conservation Camp: Tank and Dozer Barn Improvements — \$975,000 for preliminary plans, working drawings, and construction. This project is located in San Bernardino County. 2) West Point Fire Station/La Panza Fire Station: Construct Apparatus Buildings - \$1.03 million for preliminary plans, working drawings, and construction. This project is located in Calaveras/San Luis Obispo County.
Potrero Fire Station: Replace Facility	0.981	13.262	The Governor's budget requests \$981,000 GF for the working drawings phase of the Potrero Fire Station: Replace Facility project. This project includes one standard, two-engine fire station, consisting of a 14-bed barracks/mess hall, three-bay apparatus building, and generator/pump storage building, fuel dispensing system and fuel vault, vehicle wash rack, hose wash rack, flammable storage building, and site work and utilities. This is a continuing project located in San Diego County.
Prado Helitack Base: Replace Facility	1.51	24.6	The Governor's budget requests \$1.51 million GF for the working drawings phase of the Prado Helitack Base: Replace Facility project. This is a continuing project located in San Bernardino County. This project is for the working drawings phase of the Prado Helitack Base: Replace Facility project. The project includes construction of a helicopter hangar, warehouse/shop building, support vehicle garage, 26-bed barracks building, generator/pump storage building, wash rack canopy, hazmat/retardant storage, and helicopter training tower.

Shasta Trinity Unit Headquarters / Northern Operations: Relocate Facility	4.329	105.805	The Governor’s budget requests \$4.329 million GF one-time for the preliminary plans phase of the Shasta Trinity Unit Headquarters/Northern Operations: Relocate Facility project. The project includes a new joint facility to co-locate the Shasta Trinity Unit Headquarters and several Northern Region Operations facilities. Construction will include a six-bay auto shop, covered vehicle wash rack, fire station, service center, emergency command center, flammables storage building, 70-bed dormitory, Northern Region Headquarters administration building, Technical Services administration building and shop building, telecommunications repair shop, two training buildings, 120-foot communications tower, 45 covered parking spaces, physical fitness building, and Emergency generator/pump/storage building, and site work and utilities as needed. This project is continuing and located in Shasta County.
Temecula Fire Station: Relocate Facility	0.595	12.618	The Governor’s budget requests \$595,000 GF for the preliminary plans phase of the Temecula Fire Station: Relocate Facility project. This project includes a 12-bed/three-bay apparatus, single building fire station, storage building, administration building, generator/pump building, vehicle wash rack canopy, fuel island canopy, self-contained breathing apparatus repair building, and site work and utilities as needed. This is a continuing project and located in Riverside County.
Various Projects: Air Attack Bases: Infrastructure Improvements	9.616	9.616	The Governor’s budget requests \$8.164 million GF for the construction phases of the Fresno Air Attack Base/Ramona Air Attack Base — infrastructure improvement projects. These projects are continuing.
TOTAL:	\$55.657	\$653.649	

Legislative Analyst’s Office (LAO) Comments. *Future Costs for Projects Will Be Substantial.* The total costs for these projects will be \$654 million based on current estimates. The department will come back to the Legislature in future years to ask for subsequent phases of project funding, including any revised estimates of project costs.

Future Costs Expected To Be Funded from General Fund. For most of these projects, the Administration has not specified out-year fund sources. However, CalFire projects typically are funded directly from the General Fund on a pay-as-you-go basis or with lease revenue bonds, which are repaid from the General Fund over multiple decades.

Both Pay-As-You-Go and Bonds Come with Trade-Offs. Pay-as-you-go will require substantial one-time General Fund expenditures at the time the projects are undertaken. Using bonds, on the other hand, reduces the budgetary costs in the near term, but results in smaller annual costs — including for interest payments — for a much longer period of time. (Currently, interest rates are low compared to historical averages, making borrowing somewhat less expensive than other periods.) In both cases – whether using pay-as-you-go or bonds — funding these projects would result in a reduction of General Fund resources available for other budgetary priorities.

LAO Recommendation. *Consider Future Costs When Crafting Longer-Term Budget Plan.* The LAO has no concerns with the specific projects proposed by the department. These projects are intended to improve upon aging facilities and address operation needs, such as the accommodation of new helicopters previously authorized by the Legislature. However, the state faces multiyear General Fund deficits, and the Legislature will want to consider these proposals in the context of those longer-term fiscal challenges.

Given Magnitude of Costs, Could Have Department Report at Hearings on Priorities. Ultimately, given the total costs of the proposed projects, the Legislature could consider directing CalFire to report at budget hearings on the operational impacts of not approving each project, the alternatives for accommodating new air resources, and how the department would prioritize these projects.

Staff Comments. The Governor's budget proposal includes many capital outlay projects, including fire stations, helitack bases, and border protection stations — several of which are new or at the beginning stages (e.g. acquisition, preliminary plans), and are funded by the General Fund. These projects are expected to be completed over multiple years.

Some of these projects were meant to happen many years ago, but were shelved for various reasons. For example, proposals to relocate CalFire's Hollister Air Attack Base were appropriated funding in the 1999 and 2006 Budget Acts, but those attempts to relocate did not come to fruition. The Governor's budget includes a proposal to relocate Hollister Air Attack Base, providing \$12 million for acquisition (total project cost of \$53.6 million).

The LAO forecast projects that the state faces an operating a growing General Fund operating deficit over the next few years. With the forecast of a growing General Fund operating deficit, what is the expectation or commitment by the Administration that these projects will be funded and completed in the outyears within the expected timeframes?

According to the Administration, its revenue forecast, which also predicts outyear revenue reductions, provides sufficient stability from which to develop a five-year infrastructure plan and was used to determine which projects the Administration can afford to complete. These projects are key components in the Administration's wildfire response efforts, in its investments in state infrastructure, and play an important role in promoting economic stimulus. The majority of the project costs included in CalFire's infrastructure plan will be funded through lease revenue bond financing, which will mitigate the per year impact on project costs by spreading the over a 25- year period. The projected need for these projects is for the next 50 years and under current replacement timeframes would be operational for the next 60-70 years.

Several of the projects are for Helitack bases including new hangars because the new Black Hawks will not fit into the he current ones. If the new capital outlay projects are not built, the Administration states that it will operate the helicopters outside, maintain the helicopters as much as possible at the current site in the outdoors and modify existing helipads to accommodate the S70i airframe until the capital outlay projects are executed. Disadvantages to this alternative includes security, maintenance operations outside and weather exposure. Temporary structures such as offices, ready-room, sea-land containers for storage and dormitories will be utilizing trailers where needed.

Staff Recommendation. Hold open.

Issue 18: Defensible Space Inspections (AB 38)

Governor's Proposal. The Governor's budget requests \$8.3 million GF in 2021-22 and \$6.1 million GF in 2022-23 ongoing, and 26 positions ongoing to address increased workload driven by statutory requirements related to defensible space inspections and a regional capacity review set forth in AB 38 (Wood), Chapter 391, Statutes of 2019.

Defensible Space Inspections. This proposal includes 21 Forest Technicians (FTs) to conduct defensible space inspections at the request of a seller of a property to validate compliance with AB 38. FTs will issue documentation of compliance so that the seller can provide required documentation to the buyer of the property. The 21 positions were determined by estimating the number of home sales in the State Responsibility Area (SRA) requiring defensible space inspections. There are approximately 730,000 homes in the SRA and approximately 24,820 homes were sold in the SRA in 2018.

Additional positions are needed for the CalFire Training Center to accommodate the 21 FTs, including two Fire Captains to provide required training and one Office Technician to support the administration needs of the FTs receiving training. Two additional positions are needed for CalFire's Mobile Equipment Program to accommodate the addition of 21 vehicles: one Staff Services Analyst and one Auto Technician II.

CalFire is statutorily required to provide to the six Contract Counties (Orange, Los Angeles, Ventura, Kern, Santa Barbara, and Marin) commensurate proportional funding for any funding that CalFire receives to perform wildland fire prevention and control the proportional amount for this proposal for six Contract Counties is \$1.1 million ongoing for which funding is requested in this proposal.

Background. Data from CalFire's Damage Inspection (DINS) Program shows that 90 to 95 percent of all structures that catch fire will be completely destroyed. Additionally, analysis of CalFire's DINS data shows that 70 percent of all structures destroyed by wildfires are residential structures.

AB 38. AB 38 requires, subject to appropriation, CalFire and the Office of Emergency Services (Cal OES) to develop and administer a comprehensive wildfire mitigation program to encourage cost-effective structure hardening and retrofitting that creates fire-resistant homes, businesses, and public buildings. The WildFire and Forest Resilience Expenditure Plan proposes 2020-21 resources for CalFire and Cal OES to implement the wildfire mitigation financial assistance, which is a separate proposal. AB 38 requires the seller of a home in a High or Very High Fire Hazard Severity Zone to certify or provide documentation of structure hardening measures and the property's defensible space compliance to the buyer. Lastly, CNRA, CalFire's Office of State Fire Marshal, and the Forest Management Task Force must identify and review the regional fire prevention capacity of each county that contains Very High Fire Hazard Severity Zones, including identification of local or regional entities engaged in fire prevention work.

LAO Comments. *Consistent with New Law, and No Alternative Fund Source Available.* The LAO finds that the proposal generally is reasonable as it supports implementation of AB 38. Moreover, the General Fund appears to be the most appropriate fund source because there is not existing fee revenue associated with this workload, and the department currently is not authorized to charge a fee.

Workload Is Uncertain Because Is New Responsibility. The Administration took a reasonable approach to estimating its future workload associated with disclosures given the uncertainty associated with

implementing a new program. However, the actual workload could be substantially higher or lower than assumed.

Uncertainty Around Number of and Time Per Inspection. The actual number of home sales in the SRA could be significantly higher or lower than estimated. Similarly, the average time per inspection could be substantially different than estimated by the department.

Could Impact Existing Defensible Space Inspection Program. To the extent that actual disclosure-related workload turns out to be higher than estimated, the department might need to divert other staff to complete disclosure inspections. This could negatively impact outcomes for other programs, such as CalFire's existing defensible space program or hazardous fuels reduction projects. Alternatively, if workload is actually lower than estimated, the additional inspectors provided in this proposal could be used to increase the total number of defensible space inspections completed by the department's existing program.

Insufficient Justification for Academy and Mobile Equipment Components. The three training positions are being requested as ongoing despite the fact that the training workload will occur on a one-time basis when the new defensible space inspectors are hired. Similarly, the mobile equipment program positions are related to the one-time procurement of vehicles for inspectors. The purchase of the fire engine is not warranted because (1) its procurement likely would not be completed in time to be used for the training of these inspectors and (2) the department has historically had several fire engines in its inventory that have been replaced in the field with newer fire engines but remain usable.

LAO Recommendations. Approve Most of Proposal, but With Modifications. The LAO recommends the Legislature approve most of the funding as proposed. The request for additional defensible space inspectors is consistent with recent statutory changes, and the workload estimates are reasonable based on current information. However, the LAO would recommend two modifications.

Provide Funding for Training and Mobile Equipment Staff on One-Time Basis. The LAO finds that it is reasonable to add some additional staff in support of the initial training of the new inspectors and procurement of their vehicles. However, there will not be the same level of workload on an ongoing basis.

Reduce by \$400,000 to Eliminate Fire Engine. The LAO finds that the costs to procure a new fire engine are not justified based on the workload demands associated with the new disclosure requirements, nor would it be procured in time to assist in the training of these inspectors.

Adopt Reporting Requirement. The LAO recommends the Legislature approve supplemental reporting language directing the department to report in each of the next two years on (1) the number of inspections completed to meet the disclosure requirements, (2) the average time (including for travel) to complete these inspections, and (3) how these new requirements and staffing have impacted the department's existing defensible space inspection program. This information would help inform future legislative decisions, as well as determine whether the new workload is inadvertently affecting the existing program, which is important for ensuring community safety.

Consider Options to Make Disclosure Inspection Program Fee Based. In the longer term, the Legislature may want to consider whether it would make sense to charge home owners a fee when they request these defensible space inspections. The arguments for such a fee are that (1) the program provides a direct service to property owners, and it is reasonable for them to reimburse the state; (2) the costs per property would be relatively modest — perhaps between \$100 and \$200 per inspection based on current

workload estimates; and (3) it would offset ongoing General Fund costs. Notably, any such requirement would require statutory authority and additional administrative support to collect the fee.

Staff Recommendation. Hold open.

3340 CALIFORNIA CONSERVATION CORPS (CCC)**3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)****Issue 19: CalFire Emergency Response & Preparedness: CalFire/CCC Fire Crews**

Governor’s Proposal. The Governor’s budget requests for CalFire and CCC a total of \$143.266 million (\$137.335 million GF to CalFire, \$5.931 million GF to CCC, and an offsetting reduction of \$1.8 million Collins-Dugan Reimbursement Account to CCC) in 2021-22 and \$124.493 million GF ongoing (phased in over five years) and a total of 617 positions ongoing to add 30 additional hand crews to provide vegetation management, hazardous fuel reduction projects, and wildland fire suppression. The request includes 16 CalFire Fire Fighter crews, eight year-round CCC crews, and six seasonal CCC crews.

According to the LAO:

CalFire Costs (\$137 million). The proposal includes 591 ongoing positions to establish 16 seasonal fire fighter hand crews at seven of the closed conservation camps, as well as other support of the CCC crews and other ancillary costs.

- *Fire Fighter Hand Crews.* Each crew would be staffed with 13 Fire Fighter I’s — the typical seasonal fire fighter classification — for nine months of the year. In order to provide 24-hour coverage, the department would hire a total of 640 fire fighters (equivalent to 480 positions on a year-round basis). The new crews would be phased in over two years.
- *Funding to Reactivate Camps.* Each conservation camp is proposed to be staffed with maintenance, cooking, and administrative support positions. In addition a, the proposal includes \$21 million in one-time funds for facility repairs (including some funding for CCC facilities) and \$3.8 million on an ongoing basis for (1) the cost of leasing temporary facilities while repairs are being undertaken and (2) facility maintenance costs for after the camps have been reactivated.
- *Supervision of and Reimbursement for CCC Crews.* CalFire’s budget request includes funding for supervisory staff to oversee the expansion of corpsmember hand crews, as well as funding to reimburse CCC for its seasonal crews.
- *Other Ancillary Costs.* The Administration proposes additional funding for vehicles, equipment, and an agreement with the California Department of Human Resources (CalHR) to conduct a study related to how the fire fighter hand crew positions are classified.

CCC Costs (\$6 million). The budget proposes to add a total of 26 positions and funding (\$8 million upon full implementation) to (1) convert six existing reimbursement crews — which can be used for a variety of projects not necessarily related to wildfires — to year-round hand crews, (2) add two new year-round hand crews, and (3) transition six existing reimbursement crews to seasonal hand crews. In total, the Administration proposes to add 14 CCC hand crews for fire response and mitigation. Each hand crew will be made up of 15 corpsmembers.

Background. Fire crews are a team of individuals that, when assigned to wildland fires, are utilized primarily to construct fire lines by removing vegetation from the path of an advancing wildfire. Fire crews also assist fire engine crews with deployment of fire hoses over long distances, are assigned to

helicopter and bulldozer activities, and are utilized in the logistical operations and support on major incidents, including establishing the incident base for large fires. When not responding to emergencies, fire crews engage in fuel reduction, vegetation management, prescribed fire, and forest health projects.

Through various interagency cooperative agreements, CalFire has historically operated 208 Type 1 hand crews, including 192 fire crews through cooperative agreements with the California Department of Corrections and Rehabilitation (CDCR) and the Department of Juvenile Justice (DJJ), 12 crews through a partnership with CCC, and an additional four crews that are part of a training program at Ventura Training Center.

However, over the last decade, the CalFire Conservation Camp program has experienced a decline of inmates available to fully staff all its inmate Fire crews, which has resulted in the operation of fewer crews to support CalFire's fire protection operations and complete hazardous fuel reduction projects. In recognition of this trend, the 2020-21 budget reflected a consolidation of inmate fire camps and the vacating of eight camp facilities by CDCR.

CalFire has been working in the last several years to build fire crews by adding more CCC fire crews, which has provided 12 CCC fire crews statewide to date. In addition, CalFire has utilized California National Guard (CNG) crews to augment fire crew resources. Given fire risks present during the 2020 fire season, the Administration augmented the Emergency Fund to add both additional seasonal CCC crews and 858 seasonal fire fighters to act as fire crew members, as part of a flexible fire fighter surge capacity.

The statewide need for fire crews for conservation projects resulting from climate change and the devastating fires of recent years has increased significantly. When not assigned to emergency incidents, these crews are intended to perform fire prevention work in the form of community fuel breaks, vegetation management, forest health projects, and prescribed fire.

LAO Comments. *Would Add Valuable Fire Response and Mitigation Capacity.* Hand crews play an important role in the state's overall approach to mitigating the risk of wildfire damage. The additional hand crew capacity proposed would provide a significant expansion of the resources available to assist in response to active wildfires, as well as to conduct hazardous fuel removal projects at other times.

Most Time Likely Would Be Spent on Wildfire Response. The LAO anticipates that most of the additional resources requested would be used for wildfire response, though this could vary each year based on the severity of the fire season. Most of the new resources requested are for seasonal fire crews — including all 16 CalFire crews and six of the CCC crews — which largely operate during California's wildfire season.

Expanded CalFire Capacity Is Particularly Expensive. While valuable, the budget request reflects a significant ongoing General Fund commitment, particularly for the CalFire components. The ongoing nature of the request is particularly notable given the ongoing structural challenges projected for the General Fund.

Utilizes Fire Fighters for Hand Crews. In part, CalFire's portion of costs is particularly expensive because it proposes to utilize professional fire fighters, which are considerably more expensive than other types of fire crew members, including inmates or corpsmembers.

Provides 24-Hour Coverage. CalFire hand crew members will work 72-hour shifts. This allows for round-the-clock availability, but necessitates hiring multiple people to fill each position throughout the

week (as well as provide relief when crew members take leave, such as for injury or illness).

Reactivates Camps. The conservation camps are aging and designed for inmates, rather than fire fighters. Consequently, CalFire has identified one-time facility repair costs of \$18 million in 2021-22, as well as future capital outlay costs of \$38 million. The projects would involve various renovations and upgrades, such as repair of cracked paving, utility upgrades, and remodeling of the dormitories.

Creation of New Classification Could Reduce Costs, but Little Information Available. The department reports that it would like to work with CalHR to study whether it would make sense to create a new classification that could be used to staff hand crews instead of Fire Fighter I's because members of hand crews do not have all of the same responsibilities, such as staffing fire engines.

Unclear What Potential Savings Would Be. If the Legislature approves the creation of CalFire hand crews, an evaluation of a new classification could make sense if it expands the pool of potential applicants and/or if a lower salary range could reduce the impact of the proposal on the General Fund in the future. Any such benefits, however, would depend on final decisions regarding eligibility requirements and salary scales for the new classification.

Unclear if Augmentation Needed to Begin Review Process. The budget includes funding over a couple of years to support this classification analysis with CalHR. To LAO's knowledge, departments and CalHR do not typically receive budget augmentations for these types of analyses, instead relying on CalHR's existing staff to support such efforts.

LAO Recommendations. Consider Proposal in Context of Other Budget Requests and General Fund Condition. The expansion of the state's hand crew capacity could add significant value for both wildfire response and mitigation. In reviewing this proposal, the Legislature will want to consider these merits in the context of other current and recent funding proposals related to wildfires, as well as the state's overall fiscal condition.

Governor's \$1 Billion Wildfire Resilience Package. The Governor's 2021-22 budget plan includes a total of \$1 billion for various wildfire prevention and mitigation efforts, including for multiple programs that support hazardous fuels reduction. To the extent that the Legislature is primarily interested in the potential of fire crews to increase prevention and mitigation work, it could choose to target resources into programs already included in that packages — such as various forest health and fire prevention grants — rather than create a new CalFire program.

Proposed Fire Fighters Would Add to Positions Provided in Recent Budgets. Notably, recent state budgets have provided ongoing funding to increase the number of CalFire fire fighters, including (1) \$86 million in 2020-21 for 172 permanent and 378 seasonal fire fighter positions and (2) \$33 million in 2019-20 to add 131 permanent fire fighters to staff 13 new year-round fire engines.

General Fund Faces Multiyear Challenges. The Administration anticipates the state would have operating deficits if the Legislature adopted the Governor's budget proposals, reaching \$11.3 billion in 2024-25.

Could Explore Other Options to Expand State's Hand Crew Capacity. Historically, the state could rely primarily on state inmates to staff hand crews. However, the decline in the prison population — coupled with more intense wildfires — has forced the state to explore other options, including the use of CCC corpsmembers, creation of a parolee training center, and contracting with the California National Guard. While this request to expand the use of CCC and CalFire hand crews has merit, there may be

value in investigating additional options, such as expanding parolee crews or creating partnerships with local governments, which also might be interested in supporting regional hazardous fuels reduction work. The Legislature could explore such options in the course of budget hearings or direct the Administration to investigate certain options and report back in the future.

If Legislature Approves Proposal, Consider Reducing Amount for Classification Review. If the Legislature approves the proposed expansion of CalFire fire crews staffed by Fire Fighter I's, an assessment evaluating an alternative classification would have merit. However, it currently is unclear whether CalFire and CalHR require additional funding to undertake such an assessment. The Legislature could direct the Administration to provide additional information on the expected workload, existing staff available, and implementation plan before determining whether to provide the recreated augmentation.

Could Require Review with Existing Resources. If the Administration is unable to justify the additional costs, the Legislature could approve a lesser amount or direct CalFire and CalHR to undertake the study with existing resources.

Require Report Back on Outcome of Review. If the Administration is directed to undertake, the LAO would recommend adopting supplemental reporting language directing CalFire to report back on its findings, including the potential effects on recruitment and retention, operations, and costs.

Staff Recommendation. Hold open.

0509	CALIFORNIA GOVERNOR’S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT (GO-BIZ) AND CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBANK)
0555	CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
0650	GOVERNOR’S OFFICE OF PLANNING AND RESEARCH (OPR)
0690	GOVERNOR’S OFFICE OF EMERGENCY SERVICES (CAL OES)
3125	CALIFORNIA TAHOE CONSERVANCY
3340	CALIFORNIA CONSERVATION CORPS (CCC)
3480	DEPARTMENT OF CONSERVATION (DOC)
3540	DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
3560	STATE LANDS COMMISSION (SLC)
3600	DEPARTMENT OF FISH AND WILDLIFE (DFW)
3790	DEPARTMENT OF PARKS AND RECREATION (PARKS)
3855	SIERRA NEVADA CONSERVANCY
3900	CALIFORNIA AIR RESOURCES BOARD (CARB)
3940	STATE WATER RESOURCES CONTROL BOARD (SWRCB)
6440	UNIVERSITY OF CALIFORNIA (UC)

Issue 20: Wildfire and Forest Resilience Strategy

Governor’s Proposal. The Governor’s budget requests \$1 billion in forest health and fire prevention, with \$323 million in an early action package to help the state prepare for the upcoming fire seasons and \$677 million in 2021-22 to build the state’s resilience to wildfires, increase pace and scale, and reduce fire risk.

This request includes \$198 million GF in 2020-21 and \$477 million GF in 201-22. The Governor’s Cap-and-Trade Expenditure Plan proposes \$125 Greenhouse Gas Reduction Fund (GGRF) in 2020-21 and \$200 million GGRF in 2021-22 for this strategy and is addressed in a separate budget change proposal.

According to the Administration, wildfire resilience requires simultaneous action across three areas:

- 1) Across broad landscapes to limit risk of large, catastrophic wildfire, and restore ecological health;
- 2) Around communities threatened by wildfire to protect residents and property; and,
- 3) Within communities to help them survive if a wildfire swept through.

This proposal is intended to improve the health and safety of Californians as well as result in sustainable jobs and businesses, creating at least 8,000 new jobs in some of California’s most vulnerable communities.

The table on the following page provides a breakdown of appropriations for programs proposed in the Governor’s Wildfire and Forest Resilience Strategy proposal.

Wildfire Resilience Expenditure Plan

(Dollars in Millions)

Investment Category	Department	Program	Early Action 2020-21	Budget Year 2021-22	Total	Fund Source
Resilient Forests & Landscapes	CalFire	Forest Health Program	5	20	25	GF
		Forest Health	65	80	145	GGRF
		Forest Improvement Program for Small Landowners	0	40	40	GF
		Forest Improvement Program for Small Landowners	10	0	10	GGRF
		Forest Legacy & Reforestation Nursery	8	17	25	GF
		Urban Forestry	10	13	23	GF
		Tribal Engagement	1	19	20	GF
	Parks, DFW & SLC	Stewardship of State-Owned Land	19	123	142	GF
	Sierra Nevada & Tahoe Conservancies	Project Implementation in High-Risk Regions	21	61	82	GF
Wildfire Fuel Breaks	CalFire	CalFire Unit Fire Prevention Projects	10	40	50	GF
		Fire Prevention Grants	50	80	130	GGRF
		Prescribed Fire & Hand Crews	15	0	15	GF
		Prescribed Fire & Hand Crews	0	35	35	GGRF
	CCC	Forestry Corps & Fuel Reduction Projects	0	15	15	GF
		Forestry Corps & Fuel Reduction Projects	0	5	5	GGRF
DOC	Regional Forest and Fire Capacity	25	60	85	GF	
Community Hardening	Cal OES & CalFire	Home Hardening	25	0	25	GF
	CalFire	Defensible Space Inspectors	0	6	6	GF
	CalFire & UC	Land Use Planning & Public Education Outreach	0	7	7	GF
Science-Based Management	CalFire	Ecological Monitoring, Research & Adaptive Management	3	17	20	GF
	CNRA	Remote Sensing	0	15	15	GF
	CARB & SWRCB	Permit Efficiencies	0	4	4	GF
Forestry Sector Economic Stimulus	IBank & GO-Biz	Climate Catalyst Fund	47	2	49	GF
	CalFire	Workforce Training	6	18	24	GF
	OPR	Market Development	3	0	3	GF
Subtotal (GF)			198	477	675	GF
Subtotal (GGRF)			125	200	325	GGRF
Total			323	677	1000	

Source: Department of Finance

Resilient Forests and Landscapes (\$139 million in 2020-21 and \$373 million in 2021-22). The early action package and the Governor’s budget is intended to: (1) invest in coordinated forest health and fire prevention projects that help restore the right fire regime to the right ecosystem; (2) provide state land managers resources to better manage state-owned lands in particularly fire-prone area; (3) expand programs that provide assistance to non-industrial landowners; (4) implement ready-to-go projects in high-risk regions; and (5) provide resources to Tribes for fire resilience.

State-Owned Land. The state owns 3 million acres. These ecosystems are being destroyed by wildfire, with over 100,000 acres of Parks land, and 40,000 acres of DFW land burned in the 2020 wildfire season alone.

- **Parks**: The increased investment and ongoing dedicated funding is intended to enable Parks to deliver 25,000 areas treated annually and harden its infrastructure, a significant increase from its current 2,000-4,000 annual acres treated.
- **DFW**: DFW typically treats 1,000-5,000 acres per year. The proposed funding is intended to enable DFW to treat between 12,000-15,000 acres annually.
- **California Tahoe Conservancy**: The conservancy owns over 6,500 vacant lots around Lake Tahoe. The forested plots are scattered throughout Lake Tahoe neighborhoods and pose a significant wildfire hazard if not thinned and managed. The proposed funding is intended to support full treatment on all plots, improving fire safety for the Tahoe community.
- **SLC**: SLC owns over 150,000 acres of wildfire-vulnerable land, including 55,000 acres of timberlands. SLC intends to develop a full-management plan and treat acres, prioritizing those that create a fire-hazard for communities.

Forest health is an existing program with the primary goals of treating forested landscapes for resilience, mainly through fuels reduction. Prescribed fire and restoration are also key activities. Post-fire restoration will be a new focus for the Forest Health program, and an additional grant selection criteria will be treatment in the footprint of a fire in the past one to five years.

CalFire. This proposal provides funding intended to enable CalFire to increase its pace completing vegetation management projects across its regional units and enhance its prescribed fire program to encourage more natural fire on the landscape. As the state’s forestry department, CalFire intends to increase programs to improve private forest management. Over 40 percent of the state’s forest land is privately owned. Active management and support is needed to ensure wildfire resilience, promote ecological gain, and prevent the land from being sold and converted into wildfire-vulnerable developments.

- **California Forest Improvement Program (CFIP)**: Small forest landowners represent 26 percent of the forest landownership in California. Often small holdings with absentee landowners, they lack the resource and expertise to manage their land. This program provides the expertise and grants to manage their lands for forest health and wildfire resilience. Education and mobilization of this landowner group is essential to meeting the state’s wildfire resilience goals.
- **Forest Legacy**: The Forest Legacy program provides funding for working forest conservation easements that protect forest land from conversion to non-forest uses, and forest management practices that promote forest health and fire resilience. Forestland conversion to housing creates

more high-fire risk homes and diminishes ecological goals. These lands correlate with the Executive Order to preserve 30 percent of the state's natural lands by 2030.

- Urban Forestry: Sustains urban forestry programs in cities throughout the state.
- Nursery: Critical to replanting post-wildfire, CalFire is expanding the capacity of its nursery to meet the ecological diversity of reforestation demands in the state, specifically to help small landowners recover their forests.

Regional Implementation. With forest health and fire prevention grants widely distributed throughout the state, grantees often only complete one phase of a project at a time, needing to wait three to five years to begin the next phase, resulting in a patchwork of wildfire-resilient areas next to heavy fuel load areas that can have a catastrophic impact. Developing focused regional strategies and then funding a pipeline of ready-to-go projects from those strategies is intended to deliver more cohesive wildfire resilience. Funding for regionally-driven projects is intended to establish a foundation for forest-sector businesses to start up in that watershed/region.

- Sierra Nevada Conservancy: This conservancy stewards the highest fire-risk region in the state and originates the majority of California's water. Over 72 percent of the Sierra Nevada region is a high fire risk zone. These catastrophic wildfires across critical watersheds exacerbate drought conditions for decades after a fire. Effective at using science-based management and building community coalitions to execute programs, the conservancy's Watershed Improvement Program includes over 100 projects ready to start. Targeting regional funding to the conservancy is intended to deliver both wildfire and drought resilience on protecting communities, habitat, and the state's water supply.

Protective Fuel Breaks (\$100 million in 2020-21 and \$235 million in 2021-22). Emergency fuel breaks protect communities and sensitive areas against the impacts of wildfires. They enable firefighters to approach a fire, take a stand, establish containment lines, and create evacuation routes. The early action package and the Governor's budget proposes \$335 million for strategic fuel breaks and other fire prevention projects to reduce fire risk.

CalFire. This funding is intended to enable CalFire to expand its hand crews and projects to complete 60,000 acres of fuel breaks annually to protect hundreds of fire vulnerable communities every year for multiple fiscal years. Communities are identified based on environmental and weather conditions that predict fire intensity as well as demographic factors such as age or car ownership that impact the community's ability to evacuate. CalFire also intends to expand its fire prevention grant program empowering local communities and partners to improve evacuation and buffers.

For early action, these funds can be implemented immediately with CalFire resources. These projects are designed to protect lives and property, so implementing them early will help mitigate future catastrophic, damaging, and costly fires during the 2021 and 2022 fire seasons.

CCC. The Forestry Corps provide statewide forestry work and post-wildfire recovery while training California youth for climate careers. Expanding this program is intended to provide a reliable workforce to implement fuel breaks for CalFire and other state, local, and federal partners.

DOC. The Regional Forest and Fire Capacity (RFFC) Program supports local and regional efforts to coordinate and plan wildfire prevention projects. This program provides technical support to the highest wildfire-prone regions with the highest ecological need and equips communities with the planning, coordination, and preparation tools necessary to develop regional plans and prepare projects. This model

enables communities to leverage federal and local resources and compete for project implementation dollars via state fire prevention and forest health grants.

The proposed funding is intended to expand the RFFC Program to more wildfire-prone regions in California and develop a consistent pipeline of high-value projects. Specifically, the proposed increased funding is intended to enable the program to expand beyond its current eight regions to include five additional wildfire-prone regions, including Southern California, Lake County, Greater Sacramento Region, Napa County, and Shasta County.

Community and Home Hardening (\$25 million in 2020-21 and \$13 million in 2021-22). Investments within communities are essential to protect residents from all types of wildfires, including wind-driven fires that spread embers ahead of the fire front. These include hardening homes against embers, creating survivable spaces, establishing space around homes, and supporting local and regional efforts to create fire-adapted communities through improvements in local ordinances, emergency access routes, communications, smoke management, and other tools.

Home Hardening. Simple retrofits like fine-mesh attic vents or double-paned windows dramatically improve a home's survival in the face of a wildfire. Education and outreach can help homeowners make the right improvements. The early action package and the Governor's budget propose resources to implement the wildfire mitigation assistance pilot program created by AB 38 (Wood), Chapter 391, Statutes of 2019 to support implementation of home hardening education programs, as well as grants to low-income homeowners in high-risk areas that could not otherwise afford retrofitting projects (\$25 million in 2020-21) and \$13 million in 2021-22). California will work with FEMA to pursue potential federal funding to match the state's investment.

Defensible Space. The Legislature recently changed defensible space laws to include a new five-foot defensible space barrier. The proposal provides for defensible space inspectors as well as outreach and education to homeowners about these new standards.

Land Use Planning & Public Education Outreach. The Office of the State Fire Marshal intends to deploy land use planners within critical counties to support their wildfire resilience emergency plans. The University of California extension program intends to deliver 11 new fire advisors to help link the public with critical fire science.

Science-Based Management (\$3 million in 2020-21 and \$36 million in 2021-22). The Governor's budget includes funding to improve the predictive models and science-based approaches to support the state's forest health and fire prevention goals, including the expanded use of LiDAR and other remote sensing technology, research, and data analysis collection methods. Funding includes the execution of the California Vegetation Treatment Program (CAL VTP) including synchronizing SWRCB permits within the CAL VTP application. CARB will also have resources to facilitate the issuance of "burn permits" to keep pace with the increase in prescribed fire.

Ecological Monitoring, Research, and Adaptive Management. Research, studies, monitoring, and experiments can help improve and pinpoint wildfire risks as well as improve forest techniques for reforestation and thinning.

- **Ground Data:** Forest Inventory and Analysis provide comprehensive assessment of forest plots so that current fuel reduction treatments are adequate to reset natural forest ecosystems and complement remote sensing data to ensure it translates into real-world parameters such as tree density, height, and diameter.

- **Research:** Conduct research on the kinds of forest management practices that are required to foster forest health and resilience. This research actively managed working forests, such as state and university research forests, with a focus on applied research and testing best forest management practices for carbon sequestration, forest health, and fire resilience under a changing climate.

Early action funding is intended to be used to implement research projects under UC Berkeley/CalFire Wildfire Science Collaborative and other research or monitoring needed to evaluate impacts from recent wildfires. Research related to post-fire effects are often time sensitive and it is desirable to have field crews conduct field measurements of forest conditions this summer. Specifically, the Administration anticipates founding to support research and monitoring at Mountain Home State Forest that was impacted by the Castle Fire (2019); and possibly other recent wildfires as well. Also, multiple fire drivers/impact research projects (North Coast/Southern Sierra) are tied to large, destructive fire events in 2020 and require field data collection this summer. Accurately monitoring post-fire effects is time sensitive and needs to begin this year.

Remote Sensing. Developing reliable data sources to inform predictive and planning models helps improve the effectiveness of all wildfire resilience efforts. Remote sensing including LiDAR, satellite images and hyperspectral analysis is intended to improve predictive modeling and project planning analytics. Accurate and consistent remote sensing and research is intended to enable CalFire to plan and adapt to dynamic changes on the landscape.

Permit Efficiencies. The new CAL VTP reduced the California Environmental Quality Act (CEQA) timeline from two years to several months for forest health and fire resilience projects. To ensure the VTP is user-friendly and executed with a high ecological standard, the Board of Forestry intends to complete the first round of VTP environmental reviews for state-funded projects in various geographies and ecological zones to ensure other projects that use CAL VTP in the future will have a straightforward model to follow. To increase efficiency, SWRCB will fund staff oversight for a statewide water permit integrated into CAL VTP, with the intention of ensuring that grantees and project proponents do not have additional costs or paperwork when using CAL VTP. CARB is also proposed to receive additional funds to provide efficient oversight for prescribed fire burn permits.

Forest Sector Economic Stimulus (\$56 million in 2020-21 and \$20 million in 2021-22). The early action package and the Governor's budget include one-time resources with the intention of ensuring that fire prevention investments will be a driver for economic growth in rural communities. Fuel reduction projects may create jobs and a foundation for small business to start up from backyard micro-mills to bio-diesel conservation. However, barriers to these market exist — Private loans for forestry equipment can face a 40 percent interest rate. Shortages in crews and specialized equipment operators slow the pace of projects and drive up the cost-per-acre. Low-interest lending programs and training to expand the workforce are intended to improve the pace of Fire resilience. Steady, long-term regional funding is intended to enable local businesses to start up in regions to meet the state's demand.

- *Workforce Development.* Grant to community colleges and nonprofits to train, develop, and certify forestry professions and expand the workforce available to support the implementation of forest health and fuel reduction projects (\$6 million in 2020-21 and \$18 million in 2021-22).
- *Climate Catalyst Fund.* Establish a low-interest lending program and explore supply chain guarantees through the Climate Catalyst Fund to help remove barriers to expand wood product markets (\$47 million in 2020-21 and \$2 million in 2021-22).
- *Wood Products Innovation.* Expanding wood markets to fully utilize the material being thinned

from forests and using it for building material, energy, or fuel is intended to create incentives for private forest-land management and meet the state's carbon goals (\$3 million in 2020-21).

CalFire. With this proposal, CalFire states that it will need to acquire equipment to conduct additional unit fire projects that are above and beyond the current unit fire projects being completed by existing staff. The funding amounts in this request are the incremental amounts of equipment needed above CalFire's existing equipment, and the following information is presently the specific detail of equipment needing to be acquired:

- **13 Pickup Trucks.** CalFire requests funding to acquire five $\frac{3}{4}$ ton 4x4 pickups for Battalion Chiefs; three $\frac{3}{4}$ ton 4x4 pickups for Foresters; and five $\frac{3}{4}$ ton 4x4 pickups for Senior Environmental Scientists. The vehicles are necessary to fulfill the duties of each position, and 72-hour shift coverage for applicable classifications, and to travel to various statewide locations to complete field assessment and monitoring, fuels reduction, and fire reintroduction work, as well as fire control response and required job functions. There are no additional vehicles that can be redirected due to the current cap on vehicles, so funding is requested to acquire and pay for new vehicles.
- **Other Vehicles and Equipment.** CalFire requests 21 1.5 ton crew cab trucks with utility bed, tow capable, mobile tank and pump unit, 21 trailers capable of transporting tracked chipper/skid steer or terra torch transport, seven skid steers with attachments, six 1.5 ton 4x4 utility bed trucks to support dozer operations, 21 utility vehicles/all-terrain vehicles for new unit projects. These assets are requested to help ensure that crews have the necessary equipment to complete fuel reduction projects.
- **Training.** CalFire requests funding for out-of-state travel to complete Forest Inventory Analysis training.
- **Long-Term Vehicle Leases.** Long-term vehicle leases through the Department of General Services (DGS) for some or all of the above-noted equipment will be needed, and CalFire would include this information in its annual fleet acquisition plan, as required by DGS.

Background. This past wildfire season, over 4 million acres burned, five of the six largest fires in state history burned simultaneously, and at one point, as many as 250,000 people were displaced. The 2020 fire season strained California's emergency response capacity.

According to the Legislative Analyst's Office (LAO), importantly, several of the 2020 wildfires have been among the largest and most damaging since California has begun consistently tracking these statistics in the 1930s. This includes the August Complex fire (Tehama County), which burned over one million acres, making it the largest recorded fire in the state's history.

According to the LAO, there are various activities related to wildfire prevention, mitigation, response, and recovery:

- **Prevention.** Education, forest health, public safety power shutoff, and wildfire mitigation plans.
- **Mitigation.** Hazardous fuel reduction, forest health, home hardening, wildfire mitigation plans, and defensible space.
- **Response.** Hazardous fuel reduction, CalFire fire protection, and mutual aid system.

- **Recovery.** Insurance, financial assistance, and debris clean up.

According to the LAO, total spending on CalFire protection (suppression), resource management, and fire prevention has grown from \$800 million in 2005-06 to an estimated \$3.3 billion in 2020-21. CalFire's base fire protection budget has grown steadily over this period. Emergency fire suppression spending varies from year to year based on the severity of the wildfire season. Spending on resource management and fire prevention makes up a much smaller share of department spending but has increased in recent years with the addition of spending from the Greenhouse Gas Reduction Fund (GGRF).

Key State Budget Augmentations for CalFire in Recent Years

2018-19 Through 2020-21 (In Millions)

Purpose	Year	Amount	Duration	Fund Source
Fire Response				
Blackhawk helicopters: acquisition	2018-19	\$285.20	One-time	General Fund
Blackhawk helicopters: staffing and operations	2018-19	13.8	Ongoing	General Fund
13 year-round fire engines: staffing	2019-20	32.6	Ongoing	General Fund
13 year-round fire engines	2019-20	8.6	One time	General Fund
Innovative procurement sprint: project solicitation and testing	2019-20	15	One time	General Fund
Air tankers contract and staff	2019-20	13*	Ongoing	General Fund
Heavy fire equipment operator staffing	2019-20	10.6	Ongoing	General Fund
Relief Staffing	2020-21	85.6	Ongoing	General Fund
Innovative procurement sprint: fire projection software	2020-21	4.4**	Ongoing	General Fund
Fire Prevention and Forest Management				
Forest health and fire prevention grants	2019-20	165***	Annually, five years	GGRF
Prescribed fire crews	2019-20	35	Annually, five years	GGRF
Wildfire prevention and recovery legislation	2019-20	10****	Ongoing	GGRF
Forest management	2019-20	8.9	One time	Proposition 68

Source: Legislative Analyst's Office

*Increasing to \$49.7 million upon full implementation in 2023-24.

**Increasing to \$7.6 million ongoing.

***Grant funding was not included in the 2020-21 budget because the Legislature did not adopt a GGRF expenditure plan.

****Decreases to \$6.4 million ongoing.

Summary of 2020-21 Funding for Wildfire Prevention and Protection. The 2020-21 budget totals \$2.46 billion to address wildfire prevention and protection issues.

CalFire. According to the LAO, CalFire is responsible for wildland fire protection in State Responsibility Areas (SRAs), which are primarily privately owned wild lands that encompass about one-third of the state. CalFire employs around 4,000 permanent and 2,500 seasonal firefighters, operates an aviation program (aircraft, helicopters, and air tankers), and runs about 250 fire stations and air attack bases.

The 2020-21 budget includes \$2.5 billion for CalFire, a significant portion of which — \$2.1 billion — is for wildfire response (The department also engages in other activities, such as wildfire prevention and forest health.) This budget for wildfire response has two components — the “base budget” and an amount budgeted for emergency fire suppression known as the Emergency Fund (E-Fund). CalFire’s base budget pays for everyday firefighting operations of the department, including salaries, facility maintenance, and other regularly scheduled costs. Included in the base budget are the costs associated with the “initial attack” on a wildfire — that is, the firefighting operations generally undertaken in the first 24 hours of an incident. Notably, the 2020-21 budget augmented CalFire’s base budget by \$85.6 million for additional firefighter and support staffing.

For a breakdown of wildfire-related appropriations in the 2020-21 budget, please refer to the following tables:

2020-21 Wildfire Prevention and Protection Funding Summary

(Dollars in Thousands)

	General Fund	Other Fund	Total
Cal OES Fire Preparedness & Response	\$88,855	\$1,176	\$90,031
CAL FIRE Fire Protection	\$1,640,042	\$530,689	\$2,170,731
CAL FIRE Fire Prevention & Resource Management	\$15,404	\$187,902	\$203,306
Total	\$1,744,301	\$719,767	\$2,464,068

Source: Department of Finance

2020-21 Cal OES Fire Preparedness & Response Funding

(Dollars in Thousands)

	General Fund	Other Fund	Total
Community Power Resiliency	\$50,000	-	\$50,000
Wildfire Forecast and Threat Intelligence	\$2,000	-	\$2,000
Integration Center (SB 209)			
Prepositioning for Regional Response and Readiness	\$25,000	-	\$25,000
Annual Fire Engine Replacement Budget	\$1,175	-	\$1,175
Cal OES Fire and Rescue Program*	\$10,680	-	\$10,680
Fire and Rescue Mutual Aid System (Support and Engine Maintenance)	-	\$1,176	\$1,176
Total	\$88,855	\$1,176	\$90,031

Source: Department of Finance

*Reflects budgeted amounts for both fire suppression and prevention.

2020-21 CalFire Fire Protection Funding

(Dollars in Thousands)

	General Fund	Other Fund	Total
Fire Protection (Baseline, Less Fire Prevention)	\$1,035,313	\$627,189	\$1,662,502
Emergency Fund Appropriation*	\$372,700	-\$96,500	\$276,200

Helicopter Fleet Replacement**	\$69,707	-	\$69,707
CAL FIRE Relief Staffing	\$85,571	-	\$85,571
Innovation Procurement Sprint	\$4,355	-	\$4,355
Subtotal (2020 Budget Act)	\$1,567,646	\$530,689	\$2,098,335
Additional Firefighting Capacity - 2020 Fire	\$72,396	-	\$72,396
Season Emergency Fund Augmentation***			
Total (Inclusive of E-Fund Augmentation)	\$1,640,042	\$530,689	\$2,170,731

Source: Department of Finance

*Negative amount in "Other Fund" column reflects anticipated reimbursements for emergency fire suppression activities.

**Reflects costs to purchase remaining three helicopters (staffing and operating funding is included in the Fire Protection(Baseline)).

***Reflects a July 2020 Emergency Fund augmentation not included in the 2020-21 Budget Act.

2020-21 CalFire Fire Prevention & Resource Management Funding

(Dollars in Thousands)

	General Fund	Other Fund	Total
Fire Prevention Subprogram (Baseline)*	-	\$43,046	\$43,046
Resource Management Program (Baseline)**	\$15,404	\$70,243	\$85,647
SB 901 Forest Health and Fire Prevention Programs and Projects***	-	\$74,613	\$74,613
Total	\$15,404	\$187,902	\$203,306

Source: Department of Finance

*The CAL FIRE Fire Prevention Subprogram includes programs that focus on the most effective, methods, materials, and procedures to mitigate hazards, prevent wildfires, and enforce pertinent laws, which includes fire engineering and fire prevention education.

**The CAL FIRE Resource Management Program includes subprograms and projects focused on improving the health of forested lands, which includes implementing vegetation management projects, providing technical assistance to non-industrial landowners, operating the demonstration state forests, regulating timber harvesting, urban forestry and other related activities.

***Reflects the deferral of the Cap and Trade package, including \$125.4 million Greenhouse Gas Reduction Fund for CAL FIRE Forest Health and Fire Prevention Programs and Projects.

State Funding Options. According to the LAO, despite recent funding augmentations, the state faces increasing impacts from wildfires. The Legislature could consider various options for increasing CalFire funding for wildfire prevention and mitigation, as well as the relative trade-offs of each option. This includes funding from:

- **General Fund.** The state has a roughly \$140 billion General Fund budget in 2020-21, which is used for a range of programs and services, including education, health and human services, and criminal justice.
- **Special Funds.** For example, GGRF generates about \$3 billion annually and has been used for wildfire prevention and forest health activities in recent years. However, the amount of funding is subject to uncertainty based on Cap-and-Trade auction results, and most of the funding is subject to continuous appropriations and other funding commitments.
- **New Tax or Fees.** The Legislature could approve new taxes or fees and dedicate the revenue to specified activities. For example, this could include charges on property owners in wildfire-prone areas, similar to the previous Fire Prevention Fee.
- **General Obligation Bonds.** Bonds provide a one-time revenue source and typically should not

be used for ongoing operations. In addition, bonds should be used for projects that have a longer lifespan so that future taxpayers are able to benefit from the projects for which they are paying.

Important Considerations Around Funding Options for Wildfire-Related Activities. According to the LAO, determining how to fund activities to reduce wildfire risk can depend on many factors. Key questions in considering the most appropriate funding options — such as state-level funds, locally generated revenues, or a mix of fundings sources — include:

- ***Problem and Activities.*** What is the cause of the problem to be addressed? Who are the responsible parties? What types of activities or projects would address the problem?
- ***Beneficiaries.*** How broadly would benefits of activities accrue (at the state, regional, or local level)? Would activities result in broad public benefits or more limited regional or private benefits?
- ***Nexus Between Activities and Funding Sources.*** What entities would pay and at what rates? How closely linked are the sources of new funding with the activities the funds would support? How closely aligned are the potential payers with the responsible parties or potential beneficiaries?
- ***Revenues.*** How much revenue is needed to support the intended activities? How stable or variable would annual revenues be? What are the opportunity costs of using these revenues?

LAO Comments. Overarching Issues for Legislative Consideration. The Governor’s proposed funding package includes a total of \$1 billion for a wide array of forest health, hazardous fuel reduction, workforce and market development, research, and community hardening programs. The package would be funded from a combination of General Fund and GGRF revenues. The General Fund would be provided on a one-time basis, whereas the Governor proposes to commit GGRF funding for these purposes for several years. About one-third of the funding is proposed as “early action” in 2020-21.

The LAO offers initial comments to inform the Legislature’s review. Specifically, the LAO finds the following:

- Focus on wildfire prevention and mitigation has merit.
- Myriad of wildfire-related risks warrants consideration of multiple strategies.
- Early action is more justified for some programs than others.
- Limited evidence available on effectiveness of many programs.
- Legislature could fund programs in different amounts based on its priorities.
- Legislature could explore additional options to strengthen the state’s approach to wildfire prevention and mitigation.
- Legislature could consider adding accountability measures where they do not already exist.

Summary of Proposed Wildfire Resilience Package. Provides \$1 Billion Over Current and Budget Years. The Administration proposes \$323 million in early action funding in 2020-21 and \$677 million in 2021-22. This funding would support roughly two dozen different programs managed by 15 departments.

Includes Mix of General Fund and GGRF. Of the total, \$675 million would be from the General Fund and \$325 million from GGRF. The amounts from GGRF are intended to bring total GGRF spending on forest health and prescribed fire activities to \$200 million annually, consistent with requirements of SB 901 (Dodd), Chapter 626, Statutes of 2018. (The 2020-21 Budget Act provided less than the statutory direction because of uncertainty about the amount of GGRF revenues at the time the budget act was adopted.)

General Fund Would Be One Time, But GGRF Ongoing. All General Fund proposals are requested on a one-time basis, though in many cases departments anticipate expending the funds over multiple years. In addition, the Governor proposes to extend the \$200 million GGRF commitment for forest health and prescribed fires for an additional five years beyond the current 2023-24 sunset.

Largest Share of Funds for Forest Health and Fuel Breaks. Over half of the funds — \$512 million — would support programs designed to promote healthy forests and landscapes, generally by removing hazardous fuels. Another one-third of the funds — \$335 million — would support installation and maintenance of wildfire fuel breaks. The remaining funds — totaling \$153 million — are proposed for projects to encourage forest sector economic stimulus, science-based forest management, and community hardening.

Most Funding Target to Existing Programs. Only a few of the programs proposed for funding are new, including tribal engagement, the Climate Catalyst Fund, and home hardening.

Focus on Wildfire Prevention and Mitigation Has Merit. The LAO finds that increased budget support for programs that attempt to reduce the risks associated with wildfires is merited given the increasing pattern of severe wildfires in recent decades and the major consequences for communities, the environment, and the economy.

Package Builds on Prioritization Established in SB 901. The Legislature established its intent to focus additional state resources on wildfire prevention and mitigation in SB 901. This package would restore GGRF funding for such programs in the current and budget years, as well as expand on these and other programs. By comparison, most budget augmentations related to forests and wildfires have been for wildfire response in recent years, rather than prevention and mitigation. For example, recent budgets have included one-time and ongoing funding to replace CalFire’s helicopter fleet, expand the number of state fire engines, and increase the number of state fire fighters.

Myriad of Risks Warrants Consideration of Multiple Strategies. The package includes a mix of programs designed to reduce future wildfire risks and damages, and many of these programs could be useful in addressing the varied contributors to wildfire risk. For example, forest health and fuel break programs could reduce the risk of rapid wildfire spread, community hardening could reduce the number of properties severely damaged when wildfires occur, and research could help better target future funding decisions to the most effective strategies and/or where risks are determined to be greatest.

One-Time General Fund Spending Does Not Address Ongoing Nature of Problem. It is understandable that the Administration is proposing that the General Fund augmentations be provided on a one-time basis given the projected out-year General Fund structural deficit. Moreover, much of the funding is intended to be spent over multiple years or have multiyear benefits. For example, some state agencies proposed to use a portion of the proposed one-time funding to purchase equipment which can be used

on fuels reduction work for many years. However, the one-time nature of these proposals presents some significant challenges. Accordingly, the Legislature may want to direct the Administration to present at budget hearings on its longer-term plan to sustain the projects and activities proposed in the package.

Addresses Only Small Share of Estimated Need. For example, while this package could result in substantial benefits by treating hundreds of thousands of additional acres of forest lands over the next few years, the state's Forest Carbon Plan estimates that 20 million acres of the state's forests would benefit from treatment. In addition, with millions of California homes in areas at risk of wildfires, it likely would cost billions of dollars to ensure that basic home hardening modifications were made on all of them.

Many Funded Projects Could Require Ongoing Support To Be Effective. For example, even where effective forest treatment occurs, it is often necessary to do additional maintenance and retreatments in subsequent years to prevent too much vegetation regrow the, particularly of invasive species. Other programs areas — such as defensible space inspections and research — should be considered ongoing efforts.

Early Action More Justified for Some Programs. While there could be legitimate rationales for approving some funding early, in our view it is incumbent upon the Administration to present clear justification for such action. Appropriating funds in the current year reduces the Legislature's time to deliberate the merits and trade-offs associated with each proposal, as well as reduces its ability to consider the proposed costs in the context of its broader state budget plan.

Reasons Early Action Might Be Justified. If the Legislature decides to adopt a current-year GGRF expenditure plan, the LAO finds that it would be reasonable to include the funding proposed in the wildfire resilience package since it is consistent with existing statutory direction in SB 901, and only partial funding was provided in the enacted 2020-21 budget. Early action might also be reasonable if the Administration can demonstrate that the added implementation time available to departments would ensure that certain high-priority projects could be in place in advance of an additional fire season (usually encompassing most of the summer and fall). The Administration should provide detailed timelines to justify any such claims.

Reasons Early Action Might Be Less Warranted. While timing likely is critical to the success of certain proposals, the LAO does not believe early action necessarily is warranted solely to complete projects a few months earlier than would be the case if the funding were provided in the 2021-22 budget. In particular, early action would not be warranted if the Administration has not yet provided sufficient detail to inform the Legislature about the program's implementation plan and expected outcomes. In addition, some might think that providing early funding would help stimulate the economy. However, state spending is limited in its ability to generate stimulus, in part because the amount of additional spending would be quite small relative to the overall state economy.

Limited Evidence Available on Effectiveness of Many Programs. Many of the activities proposed for funding in the package are widely considered good practices to reduce wildfire risks, particularly reduction of hazardous fuels, defensible space, and home hardening. However, the available research on the effectiveness of programs is somewhat limited in a couple of ways, making it difficult for the Legislature to know whether the proposed package represents the most effective way to allocate funds for wildfire prevention and mitigation.

Research Base Not Well Developed for Many Types of Programs. Among other findings, a recent report from the California Council on Science and Technology found that activities such as vegetation management, defensible space, and home hardening can be effective wildfire mitigation measures. However, the costs and cost-effectiveness of these measures. However, the costs and cost-effectiveness

of these measures is not systematically tracked, making it unclear the degree to which they might reduce suppression and other costs, as well as making it difficult to compare costs and benefits across strategies.

Limited Outcome Data for Specific Programs in the Package. Administering departments have been mixed in whether they have provided information on the specific outcomes they expect to achieve with the proposed funding, such as number of acres treated, cost per acre, or homes protected. The Legislature likely will want to direct the Administration to provide such information where possible before deciding what level of funding to provide for each program.

Legislature Could Fund Programs in Different Amounts Based on Its Priorities. In addition to not consistently having clear evidence regarding the effectiveness of different mitigation and prevention activities, the state also lacks a comprehensive statewide strategy. In combination, these two factors make it very difficult for the Legislature to determine whether this package represents the “best” mix of funding to address wildfire risks. The Legislature could consider a different total level of funding for prevention and mitigation, as well as a different mix among programs. Some different evaluation criteria the Legislature could use include the following:

- *Which Harms Would Be Mitigated.* For example, to the extent protecting homes and reducing economic costs are high priorities, the Legislature could consider dedicating more funding to community hardening.
- *Which Groups of Californians Are Most Impacted.* The Legislature might want to consider how wildfires affect different communities, how past funding has been directed, and the extent to which the proposed strategies could more equitably target new spending. For example, the Governor’s plan includes funding dedicated to forest health projects on tribal lands, and the home hardening program is intended to go to lower-income households that might otherwise be less able to implement these safety improvements on their own.
- *Whether It Protects State Assets and Responsibilities.* For example, some funding in this package is targeted to addressing risks on state-owned lands, such as state parks. The Legislature could also consider whether more funding should be spent in ways that better ensure protection of other state assets, such as highways and state buildings, or the watersheds that provides most of the water flows for the State Water Project.

Explore Additional Options to Strengthen Prevention and Mitigation. The Legislature may want to use budget hearings to consider other prevention and mitigation options. This could include hearing from stakeholders — including tribes, community and business groups, local governments, and researchers — about other program ideas, as well as discussion of other potential funding mechanisms.

Other Mitigation and Prevention Strategies. While the strategies contained in the Administration’s plan might represent a reasonable package of proposals, hearing directly from other stakeholders could illuminate other beneficial programmatic options. For example, local governments have significant responsibilities related to mitigation and prevention, including land use planning and development decisions, enforcement of local defensible space ordinances, and hazardous fuels management projects. In addition, there are activities the state has undertaken in the past that might be worthy of consideration, again, such as the provision of air filtration systems to mitigate public health impacts and assistance to households and businesses to respond to public safety power shut offs.

Other Potential Funding Sources. Particularly if the Legislature is interested in exploring ongoing funding options to support some of these activities, it might want to consider funding sources that could be used in place of or in addition to the General Fund. For example, the state used to charge a fee on all

properties in the State Responsibility Area to help fund certain mitigation and prevention activities.

Could Consider Adding Accountability Measures Where They Do Not Exist. Give the importance of the programs involved and the level of spending proposed, future reporting on outcomes will be important for holding the Administration accountable for delivering results, learning what is effective to improve future implementation. Moreover, the proposed appropriation of one-time fund is that will be spent over multiple years reduces legislative oversight of programs compared to if that funding was appropriated on an annual basis. Therefore, the Legislature may want to consider requiring the Administration to report on specific metrics and outcomes for each program that ultimately receives funding.

LAO Analysis on Individual Programs in the Wildfire Resilience Package. The LAO's document, "The 2021-22 Budget: Wildfire Resilience Package — Analysis of Individual Programs," (February 5, 2021), provides a brief analysis on each program included in the Administration's wildfire resilience package. The following are some highlights from this comprehensive document.

Forest Health Program (CalFire): Issues for Legislative Consideration. Restoration of GGRF is Reasonable. The proposal to provide additional GGRF funding in the current and budget years for this program is consistent with the Legislature's intent in SB 901 to support forest health projects. Specifically, SB 901 required that \$200 million from GGRF be spent on certain forest health and fire prevention activities. Combined with funding already provided for this program in the 2020-21 Budget Act, this proposal would provide \$100 million in 2020-21 and \$80 million in 2021-22 from GGRF. The additional \$20 million from the General Fund in the budget year would keep total program funding at \$100 million.

No Strong Rationale Provided for General Fund Early Action. In LAO's view, the Administration has not provided a specific rationale to provide \$5 million in early action funding. While it is reasonable to assume that the department could initiate and complete projects somewhat sooner than if providing in 2021-22, providing current-year augmentation would reduce the Legislature's ability to consider this spending in context of its broader General Fund priorities.

Stewardship of State-Owned Lands (Parks): Issues for Legislative Consideration. Parks Lands Have Particular Public Values, Are State Responsibility. The state has chosen to set aside lands as state parks for specific ecological, cultural, and recreational public values. Wildfire damage to these lands would compromise those state goals, assets, and natural resources — perhaps permanently. Moreover, as the landowner, the state has ultimate responsibility for suitably managing these lands.

Parks' Existing Management Practices Have Not Sufficiently Addressed Wildfire Risks. Parks states that it has not had sufficient resources to conduct regular vegetation management practices in recent years, and that it has a significant backlog of projects that are needed to reduce fire risk. Wildfires damaged 100,000 Parks land in 2020.

Early Action Seems Justified. Providing some initial funding in 2020-21 would give Parks additional time to purchase equipment and be ready to conduct projects ahead of the 2022 fire season. Given the need to protect its high-priority public lands, this seems a justifiable reason to consider providing the requested \$10 million ahead of the regular 2021-22 budget.

Project Implementation in High-Risk Regions (Sierra Nevada Conservancy [SNC]): Issues for Legislative Consideration. Program Consistent with Recent State Law. Support for the Watershed Improvement Program (WIP) is consistent with recent legislative action, which created the program in 2018.

Difficult to Assess Effectiveness Compared to Similar Programs. The goal of WIP to encourage collaboration to accomplish larger-scale projects has merit. However, it is still a new program, and it is unclear whether additional investments in this program are likely to achieve more than other forest health programs managed by the state. For example, the LAO notes that this program reports a cost-per-acre of its projects of about \$2,000, while other programs report lower average costs.

Shovel-Ready Is Not a Strong Rationale for Early Action. The conservancy reports that it has a number of qualifying projects that could be funded with early action money, and it is reasonable to assume that these projects would be implemented more quickly than if the funds are provided in 2021-22, particularly if SNC does not utilize a competitive solicitation process. On the other hand, providing a current-year augmentation would reduce the Legislature's ability to consider this spending in the context of its broader General Fund priorities.

State Could Use Less General Fund With Bond Funds Still Available. The Legislature could consider whether it wants to reduce the amount of General Fund for this program and offset that reduction with Proposition 68 funding. While this likely would not have an effect on how much funding was available for projects in the near term, it would leave less Proposition 68 funds for WIP in future years.

Forest Improvement Program (CalFire): Issues for Legislative Consideration. *Provision of GGRF Is Reasonable.* The proposal to provide additional GGRF funding in the current year for this program is consistent with the Legislature's intent in SB 901 to support forest health projects.

Unclear What Specific Outcomes Anticipated. That the department has not indicated what outcomes it expects to achieve with the proposed augmentation makes it difficult for the Legislature to assess the benefits of providing the funding relative to other General Fund priorities. The LAO recommends that the Legislature direct the department to report at budget hearings on expected outcomes before deciding whether to support this budget request.

Stewardship of State-Owned Lands (DFW): Issues for Legislative Consideration. *DFW Lands Have Particular Public Value, Are State Responsibility.* The state has chosen to set aside DFW's lands, in many cases to protect sensitive or rare plants and animal species and the habitats upon which they depend. As such, wildfire damage to these lands could have serious or permanent impacts on the future of those species and state conservation goals. Moreover, as the landowner, the state has ultimate responsibility for suitably managing these lands.

DFW's Existing Management Practices Have Not Sufficiently Addressed Wildfire Risk. DFW states that it has not had sufficient resources to conduct regular vegetation management practices in recent years, and it has a significant backlog of projects that are needed to reduce fire risk. Wildfires damaged or destroyed over 40,000 acres of wildlife habitat on DFW lands in 2020.

Early Action Seems Justified. Providing some initial funding in 2020-21 would give DFW additional time to purchase equipment and be ready to conduct projects ahead of the 2022 fire season. Given the need to protect its high-priority public lands, this seems a justifiable reason to consider providing the requested \$9 million ahead of the regular 2021-22 budget.

Department Might Also Need Additional Resources for Increased Regulatory Workload. The Governor is proposing funding for the State Water Resources Control Board for anticipated increases in workload associated with its regulatory reviews of the potential environmental impacts of new projects funded through this package of budget proposals. The Governor does not propose similar funding for DFW,

even though it too has review and permitting responsibilities for many of the proposed projects — such as to evaluate whether forest thinning projects will have a negative impact on nearby wildlife. To the degree the Legislature decides to provide resources for undertaking additional vegetation management projects, it may want to consider whether DFW needs additional funding to keep pace with an associated increase in its regulatory workload. The state and local partners will not be able to make expedient progress in implementing their projects if they are held up by bottlenecks in the regulatory review process.

Urban Forestry (CalFire): Issues for Legislative Consideration. Has Not Provided Strong Rationale for Early Action. In LAO's view, the Administration has not provided a specific rationale to provide early action funding. While it is reasonable to assume that the department could initiate and complete projects somewhat sooner than if provided funding in 2021-22, providing a current-year augmentation would reduce the Legislature's ability to consider this spending in context of its broader General Fund priorities.

Unclear What Specific Outcomes Anticipated. The department has not indicated specific outcomes it expects to achieve with the proposed augmentation, such as the number and type of projects it expects to award with the funding. This lack of information makes it difficult for the Legislature to assess the benefits of providing the funding relative to other General Fund priorities. The LAO recommends that the Legislature direct the department to report at budget hearings on expected outcomes before deciding whether to support this budget request.

Unclear If Program Would Provide Significant Wildfire Mitigation Benefits. This program primarily supports urban tree planting projects. While such efforts provide many benefits, it is not clear that wildfire prevention and mitigation is necessarily one of them. The Legislature may want to consider the merits of any augmentations for this program separate from this wildfire resilience package. If the Legislature decided that this program was a lower priority for inclusion in this package, it could redirect the \$23 million proposed for urban forestry to other programs.

Tribal Engagement (CalFire): Issues for Legislative Consideration. Dedicating Funding to Tribal Lands Is Reasonable. Ensuring that a greater share of funding is provided to tribal lands is a reasonable goal by the Administration. The amount proposed would be double the amount awarded for tribal lands from the Forest Health Program in prior years. To the extent that the Legislature prioritizes increased support for tribal lands, it may wish to ask the department whether there are other programs in the wildfire resilience package for which it would similarly make sense for a greater share of funds to be dedicated to tribal lands or communities.

Adding Reporting Requirement for New Program If Approved. While the intent of this proposal is reasonable, it reflects a new administrative effort. As such, if the Legislature approves funding for this program, the LAO recommends adopting reporting language that would provide additional accountability over how well the department implements the program and help inform future budget and programmatic decisions.

Early Action Could Be Reasonable. The budget includes a small amount — just \$1 million — for early action with the intent of using the funding to do initial outreach and planning for this new program. While such efforts appear reasonable to undertake for a new program, the LAO does not yet have much specific information about the department's implementation plan. Accordingly, the LAO recommends the Legislature direct the Administration to report at budget hearings on its implementation plan, including its assessment of need and intended project prioritization criteria.

Forest Legacy Program (CalFire): Issues for Legislative Consideration. *Restoration of Funding Is Consistent With Historical Spending.* The proposal to provide additional funding in the current and budget years for this program would restore funding to roughly the levels provided in prior years.

Unclear Why Shifting Program From GGRF. The Administration has not explained why it proposes to utilize General Fund to support the program rather than GGRF. The specific fund source will not affect the program in the near term. However, under the Administration's plan, General Fund expenditures in the package are proposed as one-time, whereas the Administration has committed to spending \$200 million from GGRF on forest health and fire prevention activities on an annual basis for several years. Therefore, the shift of funding for this program from GGRF to General Fund potentially implies a lower ongoing commitment to the program. The Legislature may want to direct the Administration to report on its longer-term funding strategy for this program, including whether there might be alternative funding sources available for this program in the future, if it remains a state priority.

Has Not Provided Strong Rationale for Early Action. The Administration has not provided a strong rationale to propose early action funding for this program. While it is reasonable to assume that the department could initiate and complete projects somewhat sooner than if provided funding in 2021-22, providing a current-year augmentation would reduce the Legislature's ability to consider this spending in the context of its broader General Fund priorities.

Unclear What Specific Outcomes Anticipated. The department has not indicated specific outcomes it expects to achieve with the proposed augmentation, such as the number of projects it expects to award with the funding or total number of acres conserved. Moreover, the LAO notes that wildfire resilience is not a primary purpose of this program. As such, it is unclear the degree to which this funding will support this goal compared to other potential uses of these funds. The LAO recommends that the Legislature direct the department to report at budget hearings on expected outcomes before deciding whether to support the budget request.

Stewardship of State-Owned Lands (SLC): Issues for Legislative Consideration. *Proposal Significantly Lacking in Detail.* SLC was not able to provide any specific information about how it plans to use the proposed funds or what outcomes are expected. Moreover, it has not yet hired staff or begun to implement the planning activities that are needed to inform this work — which the Legislature funded in 2019-20.

Reject Proposal. Given SLC does not seem ready to begin effectively expending the proposed funds, the LAO recommends the Legislature reject this proposal and defer funds for SLC's land management activities until after the commission has completed a forest inventory and management plans in future years.

Project Implementation in High-Risk Regions (Tahoe Conservancy): Issues for Legislative Consideration. *Conservancy Lands Have Public Value, Are State Responsibility.* The state has chosen to acquire conservancy lands to ensure the preservation and protection of the natural landscape. Absent treatment, wildfires on these lands could cause serious and long-term damages on this landscape, as well as threaten nearby homes in the WUI. In addition, as the landowner, the state has ultimate responsibility for suitably managing these lands.

Early Action Seems Justified. According to the conservancy, providing some initial funding in 2020-21 will allow it to implement already identified projects ahead of the 2022 fire season. Given the need to protect its high-priority public lands, this seems a justifiable reason to consider providing the requested \$1 million ahead of the regular 2021-22 budget.

Does Not Represent a Long-Term Management Plan. After hazardous fuels are removed, these lands will require ongoing maintenance to ensure that the vegetation does not regrow to the same levels as before. However, the one-time nature of the General Fund resources provided will not support ongoing vegetation management. The LAO recommends that the Legislature direct the Administration to report at budget hearings on how it will ensure that these state-owned lands are managed for wildfire resiliency on an ongoing basis after these one-time funds have been fully utilized.

Restoration Nursery (CalFire): Issues for Legislative Consideration. Reasonable to Provide Additional Support for Reforestation Nursery. CalFire used to operate three nurseries, but each closed due to budget reductions. CalFire's Lewis A. Moran Reforestation Center (LAMFC) has only been in operation for a couple of years. Given the numerous destructive wildfires in recent years, it is reasonable to expand the capacity of the nursery to support reforestation efforts.

Rationale for Early Action is Unclear. The Administration has stated that the proposed early action funding of \$2 million for this program is offset Timber Regulation and Forest Restoration Fund (TRFRF) costs. However, it is unclear why that funding source needs to be offset, for example, whether TRFRF revenues are projected to be lower in the current year than previously anticipated or if those revenues have been redirected to another purpose. The LAO recommends that the Legislature direct the Administration to clarify its rationale for the current-year funding proposed for the nursery.

Fire Prevention Grants (CalFire): Issues for Legislative Consideration. Restoration of GGRF Is Reasonable. The proposal to provide additional GGRF funding in the current and budget years for this program is consistent with the Legislature's intent in SB 901. The amount of funding proposed for 2021-22 represents an expansion of the program compared to prior years.

Unclear What Specific Outcomes Anticipated. The department has not indicated specific outcomes it expects to achieve with the proposed augmentation, such as the number and type of projects it expects to award or the number of acres treated with the funding. This lack of information makes it difficult for the Legislature to assess the benefits of providing the funding relative to other potential uses of GGRF. The LAO recommends that the Legislature direct the department to report at budget hearings on expected outcomes before deciding whether to support this budget request.

Regional Forest and Fire Capacity (DOC): Issues for Legislative Consideration. No Strong Rationale Provided for Early Action. The department has not determined how early action funds would be distributed among the existing grantees because further outreach is needed to assess how regions not yet covered by RFFC will be served by the program. Given that further planning and coordination is needed, the LAO finds that early action on this proposal is not warranted.

Unclear What Specific Outcomes Anticipated. The department has not provided specific outcomes the program is expected to achieve, such as the number of regional priority plans developed or demonstration projects performed. The LAO recommends the Legislature direct the department to provide such information to help compare the benefits of this strategy compared with other alternatives and assess the relative funding across the varying components of the wildfire resiliency package.

Fire Prevention Projects (CalFire): Issues for Legislative Consideration. Implementation Plan and Outcomes Unclear. The department has not yet clarified how it will utilize the requested funding to expand the number of projects completed, including the extent to which the funding will be utilized to hire additional CalFire staff, rely on staff overtime, or contract with other public or private entities. In addition, while the department states that the funding would allow it to complete 300 to 500 projects, it

has not yet clarified (1) whether this is the *total* or *additional* number of projects it anticipates successfully completing and (2) for how many years the proposed funding would support the anticipated increase in projects. The LAO recommends that the Legislature direct the department to report at budget hearings on its implementation plan and expected outcomes before deciding whether to support this budget request.

Early Action Seems Reasonable. According to the Administration, providing some initial funding in 2020-21 will allow it to implement already identified projects ahead of the 2022 fire season. Ensuring that more high-priority projects are planned and implemented in advance of a subsequent fire season seems like a reasonable rationale to consider providing the requested augmentation ahead of the regular 2021-22 budget, if the department is able to provide the additional information described above.

Prescribed Fire and Hand Crews (CalFire): Issues for Legislative Consideration. Unclear What Specific Outcomes Anticipated. The department has not indicated specific outcomes it expects to achieve with the proposed augmentation, such as the expected number of projects awarded or acres treated. This lack of information makes it difficult for the Legislature to assess the benefits of providing the funding for fuels reduction crews (FRCs) and California National Guard (CNG) crews relative to other potential uses of General Fund and GGRF. The LAO recommends that the Legislature direct the department to report at budget hearings on expected outcomes before deciding whether to support this budget request.

Restoration of GGRF for FRCs Likely Is Reasonable. Assuming the department can provide estimates of the program outcomes for FRCs, the LAO finds that the proposal to provide additional GGRF funding in the budget year for FRCs is consistent with the Legislature's intent in SB 901.

Early Action Could Be Justified. According to CalFire, providing funding in 2020-21 will allow it to immediately extend the CNG contract, which will allow the crews to implement already identified hazardous fuels reduction projects ahead of the 2021 fire season. Given the high-priority fire prevention benefits associated with that work, this could be a reasonable rationale for providing the requested funding ahead of the regular 2021-22 budget, if the department can provide more information on the expected outcomes, such as the number of projects and acres to be treated.

Forestry Corps Projects (CCC): Issues for Legislative Consideration. Continuation of GGRF Is Reasonable. The proposal includes the continuation of GGRF funding of the program in 2021-22, which is consistent with the Legislature's intent in SB 901.

Unclear What Specific Outcomes Anticipated. Although the department has provided historical information on the projects Forestry Corps has completed, the department has not provided specified outcomes the additional crews could complete in future years. The lack of specified outcomes prevents the Legislature from being able to compare the cost-effectiveness of this strategy compared to other approaches.

Lack of Detail About Implementation. The department has not yet determined key implementation details, such as where the additional corpsmembers will be located throughout the state and how the department will prioritize projects with project partners. The LAO recommends that the Legislature request additional information on the implementation plan, such as how the department plans on determining which areas have the need for additional wildfire fuel breaks and the capacity for the additional crews.

Climate Catalyst Fund (IBank): Issues for Legislative Consideration. Proposal Would Complement Other Wildfire Mitigation Efforts. The Administration identified specific projects that use wood products

and could benefit from a loan program. Assisting such projects could increase the private-sector demand for wood products which could then reduce the cost of fuel reduction projects and reduce the prevalence of openly burning woody piles, which could improve air quality and reduce greenhouse gas emissions.

Unclear How Proposal Intersects With Other Proposals. The Governor's wildfire resilience package includes other proposals under CalFire and OPR that also involve market development-related activities. At this time, it is unclear the distinctions between these programs, including whether there might be duplicative efforts. The Legislature may want to have the departments report at budget hearings with more details about their implementation plans to determine whether it makes sense to establish three new programs with similar objectives. In addition, the Legislature may want to consider adding reporting language to add accountability and inform future fiscal and programmatic decision-making.

No Compelling Argument for Early Action. IBank states that its rationale for requesting current-year funding is to accelerate projects that might more sustainably remove woody piles and help stimulate the economy. While it is reasonable to assume that some projects could receive financing somewhat sooner if the Climate Catalyst Fund is capitalized before 2021-22, providing current-year augmentation would reduce the Legislature's ability to consider this spending in the context of its broader General Fund priorities.

Statutory Change May Be Needed to Receive State Funds. The legislation establishing the Climate Catalyst Fund included intent language that expressed that the fund was only to receive non-state funds. The Administration has proposed budget trailer legislation to amend statute so that the fund may receive state funds.

Workforce Training and Business Development (CalFire): Issues for Legislative Consideration.
Unclear If CalFire Is Best Entity to Support This Work. While CalFire has significant expertise in forest management, it is unclear whether it is the best entity to manage either jobs training or business development programs, including managing a new loan program.

Unclear How Proposal Intersects With Other Proposals. The Governor's wildfire resilience package includes other proposals under IBank and OPR that also involve market development-related activities. At this time, it is unclear the distinctions between these programs, including whether there might be duplicative efforts. The Legislature may want to have the departments report at budget hearings with more details about their implementation plans to determine whether it makes sense to establish three new programs with similar objectives.

No Compelling Argument for Early Action. The department states that its rationale for requesting current-year funding is to accelerate the successful implementation of the program. In LAO's view, this is not a compelling rationale for early action funding. While it is reasonable to assume that the department could initiate and complete projects somewhat sooner than if provided in 2021-22, providing a current-year augmentation would reduce the Legislature's ability to consider this spending in the context of its broader General Fund priorities.

Adding Reporting Requirement for New Program if Approved. This proposal reflects a new administrative effort. As such, if the Legislature approves funding for this program, the LAO would recommend adopting reporting language that would provide additional accountability over how well the department implements the program and help inform future budget and programmatic decisions.

Market Development (OPR): Issues for Legislative Consideration. *Unclear How Proposal Intersects With Other Proposals.* The Governor's wildfire resilience package includes other proposals under

CalFire and Ibank that also involve market development-related activities. At this time, it is unclear the distinctions between these programs, including whether there might be duplicative efforts. The Legislature may want to have the departments report at budget hearings with more details about their implementation plans to determine whether it makes sense to establish three new programs with similar objectives.

No Compelling Argument for Early Action. OPR states that its rationale for requesting current-year funding is to begin to establish the wood feedstock pilot projects in the current year. In LAO's view, this is not a compelling rationale for early action funding. While it is reasonable to assume that OPR could prepare grant agreements for these projects several months earlier, providing a current-year augmentation would reduce the Legislature's ability to consider this spending in the context of its broader General Fund priorities.

Ecological Monitoring, Research, and Management (CalFire): Issues for Legislative Consideration. Research Could Have Long-Term Benefits. Additional resources for research could provide new knowledge on effective wildfire management and forest health practices that could inform future policy, funding, and programmatic decisions. Moreover, the department's specific approaches to research seem reasonable as they include (1) building on the existing Forest Inventory Analysis program partnership with the US Forest Service, (2) conducting a competitive solicitation process for peer-reviewed research, and (3) partnering with an established research institute focused on wildfire.

Has Not Provided Strong Rationale for Early Action. In LAO's view, the Administration has not provided a strong rationale to propose early action funding for this program. While it is reasonable to assume that the department could initiate and complete some research projects somewhat sooner, providing a current-year augmentation would reduce the Legislature's ability to consider this spending in the context of its broader General Fund priorities.

Remote Sensing (CNRA): Issues for Legislative Consideration. Additional Data Could Add Value. The proposal could result in the collection of information that would help target future fuels reduction work to high-risk areas, as well as aid fire fighters in predicting the progress of wildfires. This could reduce future wildfire risk and damages in the areas assessed.

Does Not Represent a Long-Term Data Collection Plan. The Administration reports that the proposed funding will only allow it to collect data on a portion of the state's forest lands. The LAO recommends that the Legislature direct the Administration to report at budget hearings on whether it has a longer-term data collection strategy.

Prescribed Fire Permit Efficiencies (CARB): Issues for Legislative Consideration. Restores Funding to Implement Recent Legislation. This proposal restores funding for this program in the 2021-22 budget, consistent with legislative intent in SB 1260 (Jackson), Chapter 624, Statutes of 2018.

Changes Fund Source From GGRF to General Fund. The Administration proposes to use General Fund because of limited GGRF availability. However, this proposal reflects a relatively small amount of one-time funding that would have only minor impacts on GGRF. The Legislature could consider switching the fund source to GGRF, consistent with the fund source originally approved by the Legislature.

Ongoing Funding Could Be Appropriate. Given the relatively small fiscal costs, the Legislature might want to consider providing ongoing funding — General Fund or GGRF — to support this ongoing program established in state law.

Permit Efficiencies (SWRCB): Issues for Legislative Consideration. *Regulatory Review Is Essential Component of Implementing Projects.* The state and local partners proposed for funding through the Governor’s wildfire resilience package will not be able to make expedient progress in implementing their projects if they are held up by bottlenecks in the regulatory review process. As such, to the degree the Legislature decides to provide resources for undertaking additional vegetation management projects, it makes sense to ensure there is commensurate capacity within regulatory agencies to keep pace with an associated increase in workload.

Other Departments Might Need Additional Resources for Increased Regulatory Workload. Unlike for SWRCB, the Governor does not propose funding for DFW to address increased project review and permitting responsibilities for many of the proposed projects — such as to evaluate whether forest thinning projects will have negative impacts on nearby wildlife. To the degree the Legislature decides to provide resources for undertaking additional vegetation management projects, it may want to consider whether DFW also needs additional funding to keep pace with an associated increase in its regulatory workload.

Home Hardening (Cal OES and CalFire): Issues for Legislative Consideration. *Home Hardening Is Promising Practice.* Both case studies and empirical research find that home hardening can be effective at reducing home losses in the event of a wildfire. For example, post-wildfire analysis has shown that in real wildfire situations, certain structural characteristics — such as vent screens, enclosed eaves, and double-pane windows — can protect homes by preventing embers from entering the home and protect the home from radiant heat.

Key Aspects of the Proposed Remain Undetermined. The Administration has not been able to provide detailed information about the proposal at this time. For example, the Administration has not yet determined the following about the low-income grant program: (1) what retrofits would be eligible for funding, (2) how much of the overall funding would support retrofits (as opposed to the education component of the proposal), (3) what the precise income eligibility requirements would be, (4) how much funding each homeowner would be eligible for, and (5) what the allocation methodology would be. Without detailed information on these issues, it is impossible for the Legislature to evaluate whether the program would achieve the goals of AB 38.

Early Action Is Premature and Additional Information Needed Before Approval. The lack of detail is particularly problematic given the that the Administration is asking the Legislature for early action on this proposal, which reduces the amount of time available for Cal OES and CalFire to determine key aspects of the proposal and for the Legislature to evaluate the program. The LAO recommends that the Legislature withhold action on the Governor’s proposal until the Administration is able to provide sufficient details about the program.

Land Use Planning and Education (CalFire and UC): Issues for Legislative Consideration. *Administration Could Better Explain Interaction With Other Outreach Proposals.* There are a few other proposals with outreach components, such as the home hardening proposal. As the Legislature weighs the Administration’s outreach proposals, it likely will want to ensure the proposals have clear missions and do not unnecessarily duplicate activities. Clarity could be especially warranted for the UC ANR proposal given its relatively open-ended scope of providing general community outreach on fire-related matters.

Ability to Sustain Activities Is Uncertain. In discussion with LAO, the Administration identified a few sources of funds UC ANR would pursue to sustain and expand services, including state and federal grants and private donations. As these fund sources also tend to be limited term and are not guaranteed,

the Legislature may feel pressure in future years to provide additional support to this initiative. Similarly, it is unclear whether The Administration has a strategy to sustain its expanded land use planning assistance beyond the life of the proposed one-time appropriation.

Defensible Space Inspectors (CalFire): Issues for Legislative Consideration. *Unclear if Increasing Inspections Will Affect Compliance.* Research suggests that properly maintained defensible space can increase the likelihood that structures will survive if a wildfire occurs. However, the LAO is not aware of research demonstrating that increasing the number of defensible space inspections will increase compliance. The LAO notes, as well, that CalFire has limited tools — such as issuing administrative fines and abating properties — compared to local governments to enforce noncompliance.

One-Time Funding Means Any Benefits Likely Would Be Temporary. Even if increased inspections resulted in increased compliance, these benefits might be temporary. To be effective, defensible space should be maintained by property owners on an ongoing basis. Given these limitations, the LAO recommends that the Legislature direct the department to report at budget hearings on what strategies might assist in generating increased compliance on an ongoing basis throughout the state.

Staff Comments. The Governor’s wildlife resilience budget change proposal has many components, but provides minimal detail. Overall, the individual actions proposed in the plan are good to take. However, the proposal raises two overarching questions — (1) is this the best mix of programs for \$1 billion, and (2) how do we know if the many components of this plan will be implemented effectively?

The funding priorities of this proposal are drafted around “forested lands” and seems to reflect a forestry centric approach to fires. To be sure, funding should be used for such areas. However, the proposal does not seem to acknowledge that much of southern California is desert chaparral and not much forest lands. Also, the Governor’s proposal does not seem to give much attention to community-based hardening by providing \$38 million out of \$1 billion for such efforts. It seems that if saving lives is a priority, more funding should go towards community hardening.

The Governor’s proposal seems to put much weight into tools like fire breaks and prescribed burns. Both are important, but also have their limitations. Fire breaks work well with lower intensity fires, but do are not as effective with the kinds of massive fire/weather events we have seen in recent years. For example, strong winds can carry embers over a mile away to start a new fire. Similarly, prescribed burns have their role, but there are liability and other issues, such as air pollution, associated with them. As noted before, these measures are meritorious, but are there others measures that should also be included in this tool box to address a wider variety of wildfire circumstances?

A question arises as to how the Governor’s wildfire funding fits with his separate Executive Order, “30x30,” which directs CNRA to conserve 30 percent of California’s lands and coastal waters by the year 2030. These can be complimentary goals, but the particulars matter and this proposal lacks detail. Also, how do species and habitat protections, watersheds, and other issues fit in? There are complexities around natural and working lands — It does not mean that they cannot benefit, but it would be prudent to think about what time scales are being considered and methodologies used to evaluate the benefits. The Administration’s goals and directives all may be laudable individually, but it is somewhat unclear how these goals and the actions proposed to support each goal fit together as a comprehensive portfolio.

Wildfire Safety Division. On January 1, 2020, the Wildfire Safety Division (WSD) was established in the California Public Utilities Commission (CPUC) to systematically reduce the risk of ignition of wildfires from utility infrastructure. WSD (and future OEIS), is charged with reviewing and approving/denying utilities’ Wildfire Mitigation Plans (WMPs) as well as assessing compliance with

these plans. The WMPs include details of utility plans to manage wildfire risk stemming from utility infrastructure, including key activities such as grid hardening, approaches to vegetation management and inspection, plans for disabling reeliners under high risk conditions, protocols for proactive de-energization, and infrastructure inspection plans.

WSD is supposed to transition to CNRA in 2021 as the Office of Energy Infrastructure Safety (OEIS). The Governor's January Budget does not include any proposal regarding the move of WSD from CPUC to CNRA. This transition is important and needs to be thought about carefully. For example, if WSD simply moved whole cloth over to CalFire, that could be a problem since CalFire mostly focuses on interdiction and does not have expertise in e.g., protocols for proactive de-energization or grid design. Also, how does the Administration intend to deal with publicly-owned utilities along with investor-owned utilities (and other retail sellers of electricity whose equipment may cause or contribute to fires)? It would have been helpful for the Administration to introduce a proposal for this transition in the Governor's January Budget considering the move is supposed to occur this year.

Staff Recommendation. Hold open.