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VOTE-ONLY

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
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Issue 1: CNRA Bond and Technical Proposals

Governor’s Proposal. The Governor’s budget requests appropriations and reappropriations from various bonds, reversions, reversions with associated new appropriations, and other non-bond technical adjustments to continue implementation of existing authorized programs.

Staff Recommendation. Approve as budgeted.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

Issue 2: CNRA Campus Relocation and Consolidation, Phase 2

Governor’s Proposal. The Governor’s budget requests \$1.1 million from various special funds one-time in 2024-25 to conduct critical activities associated with its move to the Gregory Bateson Building (1600 9th Street), currently under major renovation. This is the second phase of CNRA’s Sacramento campus consolidation.

CNRA has already absorbed certain move-related costs of approximately \$550,000, including additional funding provided to DGS for reasonable accommodation upgrades to the bathrooms (above and beyond the minimums required in the design-build contract) and funding for DWR to purchase and install audio-visual equipment in the building.

Staff Recommendation. Approve as budgeted.

Issue 3: Tahoe Climate Adaptation Environmental Monitoring

Governor’s Proposal. The Governor’s budget requests \$300,000 in 2024-25 and ongoing from the Lake Tahoe Science and Lake Improvement Account to support water quality monitoring activities at Lake Tahoe. CNRA will direct the funds to the bi-state Tahoe Science Advisory Council to align

monitoring investments with both science and management priorities.

The Council was established to provide coordinated, collaborative advice to guide science investment at Tahoe. The requested monies will be directed to the Council to address deferred monitoring activities and other research to gather information necessary to design adaptive climate projects for the future. The requested resources will also leverage private, federal, and other state funds to tackle the significant monitoring and reporting program needs.

Staff Recommendation. Approve as budgeted.

Issue 4: Tribal Nature-Based Solutions: Temporary Help Position Conversion

Governor’s Proposal. The Governor’s budget requests one permanent Associate Governmental Program Analyst to be funded from savings within the baseline budget for the Tribal Nature-Based Solutions Grant Program. This position has been carried under the temporary help blanket but is now needed on a permanent basis to meet the ongoing needs of the program. Additional funding is not needed as the position’s costs can be absorbed within the baseline tribal affairs budget.

This proposal is intended to provide permanent position authority to reduce turnover and encourage retention among staff that perform the tribal affairs functions of CNRA’s work, including the management of the Tribal Nature-Based Solutions grant program.

Background. CNRA Tribal Affairs Unit is relatively new and is tasked with supporting the Deputy Secretary for Tribal Affairs to cultivate and secure the participation and inclusion of tribal governments and communities within the work of CNRA, supporting the integration of these governments’ priorities into environmental policymaking. The Tribal Affairs Unit is administering the \$100 million Tribal Nature-Based Solutions grant program and taking the lead in implementing the administration’s ancestral land return policies.

Staff Recommendation. Approve as budgeted.

3110 SPECIAL RESOURCES PROGRAM: TAHOE REGIONAL PLANNING AGENCY (TRPA)

Issue 5: Shifting State Operations to Local Assistance

Governor’s Proposal. The Governor’s budget requests a net zero shift in funding from state operations to local assistance to better align these appropriations to actual expenditures. This request includes \$375,000 Harbors and Watercraft Revolving Fund (HWRF) and \$200,000 Environmental License Plate Fund (ELPF).

This request would shift all remaining state operations funding under TRPA and the Sea Grant Program to local assistance to better align these appropriations to actual expenditures. This request includes \$375,000 HWRF and \$200,000 ELPF.

Background. The Special Resources Program holds pass-through appropriations to various entities, including TPRA, Yosemite Foundation, and the Sea Grant Program. In practice, all five appropriations

are local assistance funding agreements and are reported under accounts related to grants and subventions in accounting records. However, two specific appropriations from HWRF and ELPF are scheduled as state operations, which results in a mismatch between the character of the funds and accounts used in financial reporting.

Staff Recommendation. Approve as budgeted.

3125 TAHOE CONSERVANCY

Issue 6: Access Tahoe

Governor's Proposal. The Governor's budget requests an ongoing local assistance appropriation of \$100,000 and a reduction in support funding of \$228,000 from the Lake Tahoe Conservancy Account. The local assistance funding will be used to expand access to Lake Tahoe's beaches, surrounding wilderness, recreational destinations, and open space. The Access Tahoe Initiative supports projects that reduce barriers to access Lake Tahoe's outdoor spaces. This proposal does not request any permanent or temporary positions, or additional funding to implement the initiative. Existing Conservancy staff will administer these grants.

Staff Recommendation. Approve as budgeted.

Issue 7: Conceptual Feasibility Planning

Governor's Proposal. The Governor's budget requests \$300,000 Safe Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Proposition 84) for conceptual feasibility planning for future watershed, habitat, and recreation improvements. Total costs are estimated at \$300,000. The current schedule estimates study activities will be carried out between July 1, 2024, and June 30, 2025.

The conservancy intends to use the funding to hire outside contractors and for existing conservancy staff to carry out the planning work. Conceptual feasibility planning will focus on conservancy ownerships in key watersheds, several potential lakefront access points, and other sites requiring restoration and improvements. It is expected that this planning will lead to future funding proposals for preliminary planning, working drawings, and construction phases for individual projects.

Staff Recommendation. Approve as budgeted.

Issue 8: Minor Capital Outlay

Governor's Proposal. The Governor's budget requests \$890,000 from Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Proposition 50) for various minor capital outlay projects. These projects involve stabilizing and improving previously acquired property, ensuring public safety, and completing upgrades on developed facilities.

The conservancy intends to complete small projects involving minor improvements needed to stabilize previously acquired parcels and for management for open space, water quality protection, and public

access and safety. The current project schedule estimates construction activities will begin July 1, 2024, and is intended to be completed in June 2025.

Staff Recommendation. Approve as budgeted.

Issue 9: Trout and Cold Creek Watershed Restoration Project

Governor's Proposal. The Governor's budget requests \$500,000 Federal Trust Fund to study restoration opportunities and complete environmental review for the Trout and Cold Creeks Watershed Restoration Project.

As part of the project study phase, the conservancy intends to study restoration opportunities and complete environmental review to restore degraded sections of Trout and Cold Creeks and adjacent floodplain. The project is intended to reduce sediment and nutrients that flow from the watershed into Lake Tahoe; enhance aquatic and terrestrial habitat; protect biodiversity; sequester carbon; enhance the outdoor experience for all; and promote climate resilience.

As part of the eventual project construction phase, the conservancy intends to restore the creek channels, enhance the floodplain, and remove conifers to improve habitat and reduce community wildfire risk. The conservancy estimates total project costs at \$3.7 million. The Tahoe Regional Planning Agency awarded a Lake Tahoe Restoration Act grant to the conservancy, using federal funding from the USDA Forest Service. This grant supports costs for the project's study phase. Staff will apply for, and anticipate receiving, future grants to support the future project phases.

Staff Recommendation. Approve as budgeted.

Issue 10: Upper Truckee River Sunset Stables Reach 6 Restoration Project

Governor's Proposal. The Governor's budget requests \$250,000 Federal Trust Fund authority and intends to use \$200,000 from existing General Fund appropriated in the 2022 Budget to develop working drawings for the multiple-benefit Upper Truckee River Sunset Stables Reach 6 Restoration Project. The conservancy seeks to restore Reach 6 of the Upper Truckee River and surrounding areas to address current impairments and achieve agency, state, and federal resource objectives.

The project is part of a multi-agency collaboration to restore the entire Upper Truckee River watershed, including Trout Creek and Cold Creek. The USDA Forest Service awarded a \$1.9 million grant to the conservancy to plan and implement the project. As part of the working drawings phase, the conservancy will develop engineered drawings to restore a degraded section of the Upper Truckee River and adjacent floodplain. The project is intended to reduce sediment and nutrients that flow from the Upper Truckee River into Lake Tahoe; enhance aquatic and terrestrial habitat; protect biodiversity; sequester carbon; improve public access; and restore climate resilience. As part of the eventual construction phase, the conservancy intends to improve 4,500 feet of river channel, enhance 70 acres of floodplain, and remove conifers on 30 acres to improve habitat and reduce fire risk. The conservancy estimates total project costs at \$2.9 million.

Staff Comment. The conservancy notes that while it continues to believe the use of the 2022 General Fund to be appropriate for this project, the conservancy has reevaluated its project schedule resulting in the conclusion that this funding is not needed at this point in the schedule and is proposing to pull it from

the budget. The conservancy will submit a proposal in the future.

Staff Recommendation. Approve as budgeted.

Issue 11: Upper Truckee Marsh Restoration Project

Governor’s Proposal. The Governor’s budget requests \$300,000 in federal reimbursement authority and will use \$400,000 in existing General Fund Wildfire (active appropriation 2022-23) for the study phase of the second part of the Upper Truckee Marsh Restoration Project. The second part of the project continues restoration work the conservancy recently completed in the Upper Truckee Marsh and will enhance ecological values, biodiversity, carbon sequestration, climate resilience, aquatic and terrestrial habitats, and improve water quality entering Lake Tahoe. It will also provide wildfire protection for surrounding communities. As part of this study phase, the conservancy will examine remaining restoration and recreation needs to complete comprehensive restoration of a degraded section of the Upper Truckee River and adjacent floodplain. Additionally, this study phase will revise and update, as necessary, environmental review for this part of the project.

Staff Comment. The conservancy notes that wildfire funding is appropriate for this project because it is including a significant amount of conifer tree removal in the project scope, which will reduce wildfire risk and is consistent with the use of wildfire funding. However, the conservancy has revised available grant opportunities and intend to use solely federal grants to fund this next phase of the project and will submit a future proposal to capture these modifications.

Staff Recommendation. Approve as budgeted.

Issue 12: Van Sickle Bi-State Park Safety and Equitable Access Improvements

Governor’s Proposal. The Governor’s budget requests \$100,000 in Proposition 50 funds for the Van Sickle Bi-State Park Safety and Equitable Access Improvements Project. The project is a coordinated effort with the State of Nevada to protect the ecological integrity of the park, ensure public safety and accessibility, improve the visitor experience and water quality, and allow for year-round operations. The project will establish a paved trail connecting the day-use areas, create a new state line monument and plaza, pave the California day-use area parking lot, and pave the entrance trail to accommodate Americans with Disabilities Act accessibility, storm water run-off, and snow removal.

Staff Recommendation. Approve as budgeted.

3340 CALIFORNIA CONSERVATION CORPS

Issue 13: Residential Center, Camarillo: Fitness, Fire Readiness, and Health & Safety

Governor’s Proposal. The Governor’s budget requests to \$650,000 in available funding from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68) for a minor project to build a quarter-mile oval fitness track at the Camarillo Residential Center to meet programmatic needs including providing emergency response, resource conservation, and fuels reduction work. Additionally, the scope of work will include related infrastructure and site

work as needed. The project will start July 2024 and completion is estimated by December 2025.

Staff Recommendation. Approve as budgeted.

Issue 14: Nonresidential Center, Wilderness and Watersheds Restoration District: Acquire Existing Nonresidential Facility

Governor’s Proposal. The Governor’s budget requests to reappropriate \$2.5 million in available Proposition 68 funds in 2024-25 to acquire the existing Wilderness and Watersheds Restoration District Nonresidential Facility, which is leased from the Fred Lundblade Trust, located in Eureka, Humboldt County.

Background. The CCC would like to remain in the Eureka area due to its proximity to project work and the cultivation and expansion of an ongoing sponsor base of many years. This location, while relatively new, has been providing sponsor work since the 1970s. The Wilderness and Watersheds Restoration District (WWRD) is comprised of CCC’s Backcountry Trails Program (BCTP) and the Watershed Stewards Program (WSP).

For 46 years, BCTP has been dedicated to preserving the remaining wilderness areas, making them safer and more accessible to the public. BCTP has worked over 2.5 million hours building, repairing, and maintaining over 13,500 miles of wilderness trails.

WSP is engaged in comprehensive, community-based watershed restoration and education throughout the state. The primary focus of WSP is to assist communities and organizations with habitat restoration for salmonids to rehabilitate these threatened and endangered species to healthy and historic populations.

BCTP and WSP operate much differently than the typical CCC residential and non-residential centers and both require extensive storage and meeting space. The Department of General Services has calculated WWRD’s current space needs to be over 9,000 sq ft. Acquisition of real property in Eureka is intended to provide long-term permanent space for WWRD to efficiently operate and create additional opportunities for the CCC to serve and work collaboratively with California’s communities.

Staff Recommendation. Approve as budgeted.

Issue 15: Energy Corps Resources

Governor’s Proposal. The Governor’s budget requests position authority for one Electrician I, one Conservationist II, and one Management Services Technician for fiscal year 2024-25 and ongoing, and One Electrician I for three years (ends June 30, 2027) to address critical staffing needs. This proposal will be funded from within existing resources, resulting in a net zero fiscal impact.

The Energy Program helps develop young adults’ knowledge and build their skill set in the electrical and renewable energy field. Standard projects included non-residential lighting retrofits and energy assessments. The program intends to assist with further greenhouse gas reduction in the state by installing electric vehicles (EV) charging stations. The program is currently training Corpsmembers, but has encountered challenges pertaining to the installation — a C-10 licensed electrician must be on site to oversee the work performed. The problem is that the CCC does not have this position and therefore is unable to contract for this type of work that CCC is training Corpsmembers to do. Adding these

positions is intended to enhance the Energy Program and better prepare Corpsmembers for employment opportunities as they gain hands-on experience in more green energy projects.

Staff Recommendation. Approve as budgeted.

3480 DEPARTMENT OF CONSERVATION (DOC)

Issue 16: California Geologic Energy Management (CalGEM) Division: Mission Transformation and Oversight

Governor’s Proposal. The Governor’s budget requests 24 permanent positions and an appropriation increase of \$5.99 million in 2024-25 and \$5.68 million ongoing from the Oil, Gas and Geothermal Administrative Fund to strengthen enforcement of existing laws and regulations, limit the state’s financial liability, improve public transparency, and implement chaptered legislation.

As shown in the improvements of CalGEM’s oversight of oil and gas operations in recent years resulting from greater staffing levels, enhanced oversight is necessary to provide more rigorous and consistent implementation of new regulations. Regulatory advances aim to reduce risks associated with underground injection projects and other oilfield activities can only be fulfilled adequately with additional personnel. To address the existing deficits from the imbalance of increasing workload and current staff capacity, fulfill regulatory requirements, and establish more effective and efficient oversight of oil and gas operations across the state, CalGEM operations is requesting 24 positions. 11 positions to expand its field presence and requisite field inspections and five positions to conduct full-time reviews of underground injection control (UIC) projects; four positions to implement federal and state regulations to improve safety at underground gas storage (UGS) facilities; three positions for related District Administrative Support staff; and an additional \$500,000 to fund temporary help for scanning to fulfill electronic records mandate as required by July 1, 2026; and one position as a Tribal Liaison to consult with Tribal entities to ensure protection of tribal lands.

Background. CalGEM supervises oil and gas operations, administers laws for the conservation of petroleum and geothermal resources and ensures the safe development and recovery of the energy resources. CalGEM regulates onshore and offshore field operations by evaluating permit applications to drill, rework, and plug and abandon wells, and by providing permit conditions to prevent damage to state resources and protect oil field workers and surrounding communities. CalGEM also advises local governments when new development is planned over, near, or adjacent to historic oil field operations. CalGEM’s mission in State statute is to protect public health and safety, and environmental quality, including the reduction and mitigation of greenhouse gas emissions associated with the development of hydrocarbon and geothermal resources in a manner that meets the energy needs.

Several events have occurred in the past few years that have promulgated new and gas operations and protection of public health and the environment: independent audit and in 2011 identified shortcomings of the UIC Program that prompted CalGEM to develop a Renewal Plan. Updated in 2017, the Renewal Plan developed a strategy to revise existing regulations, adopt new regulations, modernize data management, and ensure a high-quality workforce. Among this improvement, CalGEM updated its UIC regulations, which came into effect in April 2019.

Since 2015, CalGEM has been actively working to review and approve Aquifer Exemptions per the federal and state regulations to fulfill a commitment to the US Environmental Protection Agency (US

EPA). As of September 2021, the US EPA is now requiring additional analysis be complete prior to Aquifer Exemption approvals affecting most of the remaining applications under review and has requested California make more expedited progress on its efforts to bring the UIC program into full compliance with the Safe Drinking Water Act. These activities include reviewing outstanding aquifer exemptions; conducting project- by- project reviews of existing projects to ensure compliance with current regulations; and to perform on-going periodic reviews of projects approved after existing regulations were updated.

In response to the catastrophic gas leak at Aliso Canyon in 2016, CalGEM entered a partnership with the federal government in 2018 to assist in implementing federal requirements for UGS safety. In 2022, CalGEM joined The Methane Task Force, a joint effort led by CalGEM and the California Air Resources Board (CARB), to identify and respond to methane leaks from oil infrastructure near communities. Currently, this partnership is aimed at addressing methane leaks from oil and gas infrastructures in the community.

These events have required CalGEM to take on additional responsibilities, for which it does not currently have sufficient resources to support. Further, CalGEM conducted extensive workload analyses and found that current staffing levels could not fulfill requirements regarding inspections and witnessing critical wells and other oil field operations.

Staff Recommendation. Approve as budgeted.

Issue 17: Division of Administration Distributed Funding Reconciliation

Governor’s Proposal. The Governor’s budget requests an increase in administration costs of approximately \$6.2 million, and an equivalent decrease in distributed administrative costs of approximately \$6.2 million for 2024-25 and ongoing to fully fund positions and workload transferred to administrative functions within the DOC.

This proposal is a net zero budget change that reflects true administrative costs. DOC sets an administrative overhead charge to the four programmatic divisions and their applicable fund source on an annual basis and this proposal will not change that, nor will it impact those fund sources budget.

Background. DOC has seen an increase in administrative responsibilities, positions, and costs since 2008-09. These responsibilities and positions have been allocated to administrative roles within the DOC to assist with workload from the expansion of DOC position authority and responsibilities within its four programmatic divisions. There has not been an equivalent long-term adjustment of distributed administrative costs within the department, which has required DOC to submit budget revisions annually to correct the funding imbalance for administrative costs.

Staff Recommendation. Approve as budgeted.

Issue 18: Improving California’s Response to the Environmental and Physical Safety Hazards Caused by Abandoned Mines

Governor’s Proposal. The Governor’s budget requests two permanent positions and an appropriation increase of \$466,000 in 2024-25, \$742,000 in 2025-26, \$742,000 in 2026-27, \$542,000 in 2027-28, and \$342,000 ongoing from the Abandoned Mine Reclamation and Minerals Fund (AMRMF) to accelerate

abandoned mine inventory and remediation, and to support the California Environmental Protection Agency's (CalEPA) cleanup of the Newton Mine site, which is a state priority source of contamination to state waters.

Background. In January 2006, the Legislature authorized the Abandoned Mine Lands Unit (AMLU), within the Division of Mine Reclamation (DMR), to begin spending Gold and Silver Mining Fee revenue to remediate hazards at historical and abandoned mines. SB 649 (Kuehl), Chapter 794, Statutes of 2003, established a fee of \$5.00 per ounce of gold and \$0.10 per ounce of silver produced in the state and directed the State Mining and Geology Board to collect and deposit these fees into the AMRMF.

PRC Section 2207 defines historic abandoned mines as mines for which operations have been conducted before January 1, 1976, and include, but are not limited to, historic gold and silver mines. Monies in this fund may be spent for the remediation of historical and abandoned mines. The AMLU is working on several federal contracts remediating mine hazards identified as part of inventory work completed between 2009 and 2013, funded under the American Recovery and Reinvestment Act (ARRA). With existing staff utilizing these one-time federal funds, fewer expenditures have been necessary from the AMRMF on remediations. More recently, the AMLU has continually ramped up efforts due to the passage of the Federal Infrastructure Investment and Jobs Act (IIJA), which provides states and tribes federal funding to further inventory and remediate abandoned mine land (AML) sites.

Under cost-sharing partnerships with federal, state, and local landowning agencies, the program has inventoried 5,421 AML sites, including 78,463 mine features, and managed 507 projects resulting in the remediation of over 1,600 physical safety hazards. The definition of inventory used by the AMLU is the assessment of mine safety hazards (like vertical shafts and collapsing adits), cultural resources, and wildlife use that collectively define various options for remediation if needed.

Staff Recommendation. Approve as budgeted.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)

Issue 19: Assistance By Hire (ABH) Reimbursement Adjustments

Governor's Proposal. The Governor's budget requests an increase of \$124.7 million in reimbursement authority for 2024-25 and ongoing to account for non-state entity reimbursements from government agencies that contract with CalFire to help suppress wildland fires within their responsibility area, for which these reimbursement receipts, known as Assistance by Hire (ABH), offset department General Fund expenditures. The request includes budget bill language starting in 2024-25 to account for the year-over-year changes in the reimbursements received to address the increase of ABH reimbursements that are annually anticipated.

Due to the unpredictable wildfire events and fire sieges in recent years, the ABH reimbursements vary from year to year. The requested adjustment amount is based on a three-year average of ABH receipts from 2020-21 through 2022-23 (i.e., \$8.2 million in 2020-21, \$338.8 million in 2021-22, and \$44.4 million in 2022- 23), equaling \$130.5 million. CalFire's baseline ABH Emergency Fund Reimbursement authority is \$5.7 million, so the projected ABH reimbursements of \$130.5 million would be offset by the \$5.7 million, resulting in a needed increase of \$124.7 million in reimbursement authority.

This request is intended to allow CalFire to reflect the receipt of reimbursements from non-state entities

for ABH services without having to go through Control Section 28.00 to do so. This is intended to allow CalFire to make the necessary technical budget adjustments timely for closing year-end financial statements related to fire suppression services, ensuring these reimbursement receipts are reflected accurately.

Background. Due to the unpredictability of wildfire events and based on fire sieges in recent years throughout the state, CalFire seeks to increase the department's reimbursement authority for Assistance by Hire (ABH) incidents. The state recovers eligible funds associated with ABH reimbursements from federal agencies (United States Forest Service (USFS), Bureau of Land Management (BLM), National Park Service (NPS), Bureau of Indian Affairs (BIA), and United States Fish and Wildlife Service) per terms of the California Master Cooperative Wildland Fire Management and Stafford Act Response agreement (CFMA).

CalFire has multiple agreements with federal agencies to provide emergency fire protection services to those entities and is essentially a vendor to that governmental entity for their emergency wildland fire response. The funds are treated as reimbursements because the funds are not a federal grant or entitlement and because of CalFire's vendor status. Due to the wildfire events in recent years, CalFire has received additional ABH reimbursement amounts beyond the budgeted amount over the years. The additional amounts have been treated as annual Control Section 28.00 requests. The underlying assumption of Control Section 28.00, however, is that the reimbursements are unanticipated; these ABH reimbursements are anticipated annually, their amounts varying annually depending on the fire activity.

The current process of submitting annual Control Section 28.00 requests results in delays in CalFire's ability to make the technical budget adjustments necessary to its prior year accounting records to reflect the receipt of additional reimbursements. Without these technical budget adjustments, these reimbursable expenditures would be considered General Fund expenditures.

Staff Recommendation. Approve as budgeted.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 20: R.H. Meyer Memorial State Beach (SB): Parking Lot Expansion, Facility, and Site Modifications

Governor's Proposal. The Governor's budget requests a supplemental appropriation in the amount of \$152,000 from available California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection (Proposition 40) bond funds (Public Resources Code (PRC) Section 5096.610(a)) for the working drawing phase of the continuing R.H. Meyer Memorial SB: Parking Expansion, Facility and Site Modifications project in Los Angeles County.

This continuing project includes increasing available parking to help reduce pedestrian and vehicle accidents, installing permanent vault toilets, repairing the beach trail, and reducing beach trail erosion through parking lot grading and the use of more durable yet permeable surfaces. Total project costs are estimated at \$5.457 million and is intended to be completed in August 2025.

Staff Recommendation. Approve as budgeted.

3825 SAN GABRIEL LOWER LOS ANGELES RIVER AND MOUNTAINS CONSERVANCY (RMC)

Issue 21: Wildfire Resilience Coordinator

Governor’s Proposal. The Governor’s budget request to establish a permanent position to support RMC’s Wildfire Resilience Program. The requested position is intended to balance workload among staff and increase efficiency, particularly in implementing the Conservancy’s Wildfire Prevention and Resiliency Program and the Regional Forest and Fire Capacity (RFFC) Program. Duties prescribed for the position include but are not limited to:

- Broad and inclusive outreach and involvement in decision-making.
- Develop partnerships extensively across RMC’s territory to identify priorities and develop projects.
- Enhance the region’s capacity to identify, develop, and implement wildfire and forest resilience projects consistent with the California Wildfire and Forest Resilience Action Plan, Agreement for Shared Stewardship of California's Forests and Rangelands, the California Forest Carbon Plan, and Executive Order B-52-18.

This position is intended to alleviate the need to redirect current RMC staff and management to provide oversight of the program and its budget. The position is intended to be supported through various existing funding sources, including the interagency agreement with DOC for the RFFC Program, as well as administrative allowances associated with recent wildfire prevention and resiliency investments. This includes providing grants to support partner capacity, project readiness, implementation of demonstration projects, and regional priority planning to achieve landscape-level and community wildfire resilience consistent with the California Wildfire and Forest Resilience Action Plan. This position is intended to also provide support to underserved and disadvantaged communities so they can participate in and benefit from RMC’s Wildfire Prevention and Resiliency Program.

Background. Existing law establishes the RMC for the purpose of, among others, providing for the public’s enjoyment and enhancement of recreational and education experiences on public lands in the San Gabriel Watershed and Lower Los Angeles River.

The San Gabriel Mountains National Monument, located primarily in the Angeles National Forest, is nearly 346,000 acres and falls within RMC. The Forest, including the monument, provides 70 percent of the open space to more than 15 million people living within 90 minutes of the area, and provides a third of Los Angeles County’s drinking water. In addition to the San Gabriel Mountains National Monument, several smaller and forested ranges fall within RMC’s territory, including the Puente Hills (approximately 100 acres) located in the San Gabriel Valley, which was once home to the largest landfill in the country; West Coyote Hills including a tract of 510 acres that is the largest remaining tract of undeveloped land in north Orange County; and, San Jose Hills spanning approximately eight miles bordering the San Gabriel Valley and the Pomona Valley, which houses California State Polytechnic University Pomona and Frank G. Bonnell Regional Park. Moreover, RMC works with several local and nonprofit organizations to support urban forests.

Recent Budget Acts have provided RMC with appropriations for wildfire prevention and resiliency projects within its jurisdiction, including \$12 million in the 2020 Budget Act and \$15 million in the 2021 Budget Act, and \$10 million in the 2023 Budget Act. In addition to wildfire prevention and resiliency projects, the funding is focused on supporting the goals of California’s Wildfire and Forest Resilience

Action Plan: A Comprehensive Strategy.

Staff Comments. According to the administration, the requested position will be supported by eligible and allowable Budget Act funds and RFFC programming funds. RMC expects to see additional funding to support the position as well as activities related to the increase of pace and scale of restoration to address impacts from wildfire events. For example, RMC is developing a grant application to the National Fish and Wildlife Foundation for \$10 million, which could potentially fund the position at 100 percent for at least five years. Conservancy staff will proactively coordinate and monitor its budget with the Department of General Services's budget and accounting liaisons well in advance of the RFFC end date to ensure continuation of this position is supported by other available and eligible funding sources, including potential additional revenue from the RFFC program. Given the fiscal circumstances, the administration believes this is an appropriate approach to meeting a programmatic need while eliminating the need for ongoing new sources.

Staff Recommendation. Approve as budgeted.

DISCUSSION

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CALRECYCLE)

Issue 22: Beverage Container Recycling Grants Program Staffing

Governor’s Proposal. The Governor’s budget requests position authority only for six new permanent ongoing positions in 2024-25 to implement and manage the grant programs under SB 1013 (Atkins), Chapter 610, Statutes of 2022, and AB 179 (Ting), Chapter 249, Statutes of 2022.

SB 1013 allocates \$19 million in new Beverage Container Recycling Funds, with \$10 million as a one-time allocation and \$9 million as ongoing allocations for three new grant programs. The 2023 Budget Act included five positions for SB 1013 grant implementation. As CalRecycle has begun to create the program criteria, it has become clear based on stakeholder feedback that the workload is greater than previously anticipated. In order to implement the new grant programs in a timely manner and ensure local assistance dollars are moved quickly to grantees, CalRecycle needs six additional permanent staff.

Based on the projected workload associated with these new programs, CalRecycle estimates that the Financial Resources Management (FiRM) branch will need a minimum of 18 additional staff to stand up, administer, and complete these new grant programs. To optimize the use of existing resources, CalRecycle conducted an analysis of positions that have remained vacant for more than six months and identified a dozen positions across the organization. CalRecycle is now in the process of moving and reclassifying these vacant positions to increase staffing within FiRM. However, the reorganization of these vacant positions only partially meets FiRM’s staffing needs due to a significant and rapid expansion of workload generated by the new grant programs established by AB 179 and SB 1013. FiRM will still need six additional positions to meet the expanded workload that requires FiRM to: standup new programs, develop application and scoring criteria, manage solicitations and grant awards, provide technical assistance to applicants and grantees, and implement and oversee programs and grants through completion. FiRM intends on using previously approved administrative cost provisions in AB 179 and the 2023 Budget Act to fund these positions.

The staff in these grant programs will need to provide frequent and intensive outreach and technical assistance to ensure diverse and inclusive candidate pools for each solicitation, and this requires staffing ratios that allow personnel to spend more time on these activities than existing staff ratios allow. Because these grant programs are new, they will also require more work to develop criteria for applications on the front end, as well as ongoing technical assistance for stakeholders, applicants, and grantees throughout the entire lifecycle of each program. The scale and complexity of these challenges are new for CalRecycle.

Background. SB 1013 (Atkins). SB 1013 added wine and distilled spirits to the California Beverage Container Recycling and Litter Reduction Act (commonly referred to as the Bottle Bill) commencing January 1, 2024; and, commencing January 1, 2025, authorizes dealers in unserved convenience zones to join a dealer cooperative to meet their redemption responsibilities.

AB 179 (Ting). Among other things, AB 179 provided \$73.3 million for grants to support start-up costs of recycling programs, focusing on recycling centers, mobile recycling, reverse-vending machines, and

bag drop programs. Existing recycling centers may also utilize these funds to establish mobile recycling for enhanced outreach. CalRecycle was appropriated an \$73.3 million in the 2023 Budget Act and is scheduled to receive another appropriation for the same amount in the proposed 2024 Governor's Budget.

SB 1013 and AB 179 combined provide hundreds of millions of dollars in new funding. The scale of funding exceeds the ability of existing staff resources to absorb the new workload generated by these programs. The new programs require the development of criteria for solicitations and the management of multiple cycles of application review, scoring, and awards. Existing FiRM staff are already assigned a full workload.

Staff Recommendation. Hold open.

3480 DEPARTMENT OF CONSERVATION (DOC)**Issue 23: Plugging and Well Remediation (BCP and TBL)**

Governor’s Proposal. The Governor’s budget requests \$7.5 million for 2024-25 and 2025-26 from the Oil, Gas, and Geothermal Administrative Fund (OGGAF) (Fund 3046) to implement the mandates of recent chaptered legislation associated with conducting state abandonments to plug and abandon hazardous and idle-deserted wells, decommissioning of facilities, and site remediation.

The proposal includes a shift of the 2023-24 \$50 million one-time General Fund appropriation for this purpose to the Greenhouse Gas Reduction Fund (GGRF) in 2024-25, as follows:

- Commencing with 2022-23, and each fiscal year thereafter, \$5 million.
- On a one-time basis, for 2024-25, \$7.5 million as a match to the dedicated \$50 million General Fund appropriation for 2022-23 for the above-mentioned purposes.
- On a one-time basis, for 2025-26, \$7.5 million as a match to a dedicated GGRF appropriation for 2024-25 for the above-mentioned purposes.

Background. Orphan wells present an environmental hazard to California’s communities. California's crude oil production has declined steadily in the last few decades, increasing the number of nonproductive wells throughout California. Currently there are more than 37,000 known idle wells in the state, all of which will eventually come to the end of their life, and their operators will be required to plug the wells and decommission associated production facilities.

Unplugged wells are often deserted by distressed operators and can pose a range of hazards to the public and the environment. Corroded well-casings can compromise the well’s integrity and can allow leaking of hydrocarbons into water sources. Such leaks can migrate across geologic strata to contaminate aquifers, create oil seeps, endanger local wildlife, degrade air quality, increase greenhouse gas emissions, and threaten public health and safety.

As of April 2021, the state has documented over 5,300 orphan, deserted, and potentially deserted wells — meaning there is likely no responsible solvent operator to appropriately plug and abandon those wells. With no solvent entity legally responsible for these wells, responsibility for the proper abandonment of these wells generally falls to the state. The Division has statutory authority to undertake the abandonment of orphaned wells, but existing state funding and anticipated federal funding is insufficient to address the state’s existing liability associated with orphan wells. The Division’s most recent analysis found it will cost approximately \$974 million to plug orphan wells. Should funding not be available, the costs could increase in future years. CalGEM has looked at recent plug and abandonment work, and the implementation of prevailing wage, and anticipates that over the next five years, the average cost to plug and abandon wells and perform site remediation would average approximately \$260,000 per well site.

Staff Comments. The TBL specifically replaces “General Fund” with an appropriation “from a fund other than the Oil, Gas, and Geothermal Administrative Fund” for 2024-25 for purposes of plugging and abandoning well. The proposed language would allow the use of the proposed shift to GGRF. The Administration states that the purpose of the language is to provide flexibility, if for some reason the proposed fund source, in this case GGRF, would need to be changed. Also, given the state of the General

Fund, the Administration states that Public Resources Code Section 3528 would still be needed regardless of whether the proposed shift to GGRF were to be authorized.

Staff Recommendation. Hold open.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)**Issue 24: Malakoff Diggins State Historic Park (SHP) Mine Remediation Implementation**

Governor's Proposal. The Governor's budget requests \$6 million General Fund in 2024-25 and \$1.5 million General Fund in 2025-26 and 2026-27 to continue implementation of improvements required by the State Water Resources Control Board and to maintain the remedial actions to abate contamination resulting from historic mining activities at Malakoff Diggins SHP for the Mine Remediation Project. Tasks in this proposal build upon previous appropriations used for design, permitting and initial implementation and construction.

Specifically, this request consists of: (1) \$3.0 million (\$1.5 million in 2025-26 and 2026-27) for sampling and monitoring, maintenance of prior cleanup actions undertaken by the state, and may include limited cleanup activities, and (2) \$6 million to continue implementation of improvements.

As a result of historic mining activities and operations, there are environmental hazards within this park unit in violation of the Clean Water Act, and the Central Valley Regional Water Quality Control Board (Regional Board) has issued a waste discharge requirement. Parks has received funding for initial studies and the first phase of implementation of approved remediation plans. This request and its proposed tasks will build from previous appropriations used for design, permitting, and initial implementation and construction for continuation and expansion. The timeframe for the project is unknown due to the nature of the work and because the scope is under the direction of the regulators. After approval of the preferred alternative, initial remedies will be installed, implemented, and monitored. Parks is in discussions to finalize the plan and begin initial construction activities.

The administration states that this request is necessary to complete these activities to inform discussions on future steps. Once this initial phase is complete, depending upon how the environment reacts and what future toxicity levels reflect, the project could go into further implementation of additional remedies or move into ongoing operation and maintenance.

Background. Located in the Sierra Nevada foothills, Malakoff Diggins SHP is home to California's largest hydraulic gold mine and provides visitors with a glimpse back in time to the gold rush days. Malakoff Diggins SHP is listed on the National Register of Historic Places and is subject to the Secretary of the Interior's Standards for historic preservation. The North Bloomfield Historic District at Malakoff Diggins SHP is a National Historic Landmark and, by direct association, Malakoff Diggins mine pit could be considered a significant contributing historic feature. Proposed remedial solutions may impact protected cultural resources and risk delisting.

Ongoing erosion from the Malakoff Diggins mine pit causes turbid surface water runoff containing particulate-bound metals, including mercury, to discharge to Humbug Creek, a tributary to the South Fork Yuba River. Humbug Creek is listed, pursuant to the federal Clean Water Act, as impaired for sedimentation/siltation, mercury, copper, and zinc. Implementation of this proposal will continue to move Parks towards compliance, which is intended to reduce the potential for the Regional Board to enforce non-compliance by the assessment of fines as well as limit the potential for third party lawsuits.

Staff Comments. The Legislature faces a very difficult challenge to pass a balanced budget for 2024-25. According to the LAO, the budget deficit is estimated to have grown to \$73 billion as of February 2024. As such, the Legislature will need to maximize the use of General Fund and do so in a fiscally

responsible manner. In addition, under the administration's projections, the state faces operating deficits of \$37 billion in 2025-26, \$30 billion in 2026-27, and \$28 billion in 2027-28. The LAO notes that although these future deficits are smaller than the current one, they are still quite significant.

Staff Recommendation. Hold open.

3340 CALIFORNIA CONSERVATION CORPS (CCC)**3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)****Issue 25: Capital Outlay Projects**

Governor's Proposal. According to the LAO:

The Governor's January budget proposes to fund various phases for a number of new capital outlay projects at CalFire and other Natural Resources Agency departments that will require additional General Fund expenditures in the budget year and/or out years. These projects include the following:

CCC

- **Residential Center, Auberry.** \$5.9 million in lease revenue bonds (to be repaid by the General Fund) for the working drawing phase. Total project costs are estimated at \$123.1 million. The proposal notes that this project also would increase ongoing operating costs by \$7 million from the General Fund annually.

CalFire

- **Boggs Mountain Helitack Base - Relocate Facility (Continuing).** \$1.5 million General Fund for the preliminary plans phase. Total project costs are estimated at \$26.3 million.
- **Butte Fire Center: Replace Facility (Continuing).** \$57.6 million in lease revenue bonds (to be repaid by the General Fund) for the construction phase. Total project costs are estimated at \$63 million.
- **Hayfork Fire Station: Relocate Facility (Continuing).** \$640,000 General Fund for the preliminary plans phase. Total project costs are estimated at \$15.9 million.
- **Hollister Air Attack Base/Bear Valley Helitack Base: Relocate Facility (Continuing).** \$2.5 million General Fund for the working drawings phase. Total project costs are estimated at \$80.9 million.
- **Humboldt-Del Norte Unit Headquarters: Relocate Facility (Continuing).** \$4 million in lease revenue bonds (to be repaid by the General Fund) for the working drawings phase. Total project costs are estimated at \$78.3 million.
- **Ishi Conservation Camp: Replace Kitchen (Continuing).** \$11 million General Fund to repay the interim financing loan for the construction of the project. This repayment is necessary due to an inability to secure the insurance coverage necessary to finance the project with lease revenue bonds, as originally intended. Total project costs are estimated at \$11.8 million.
- **Sonoma Lake Napa Unit Headquarters and St Helena Fire Station: Relocate Facility (New).** \$7.6 million in lease revenue bonds (to be repaid by the General Fund) for the performance criteria phase. Total project costs are estimated at \$152.4 million.
- **Parkfield Forest Fire Station: Relocate Facility (Continuing).** \$18.6 million in lease revenue bonds (to be repaid by the General Fund) for the construction phase. Total project costs are estimated at \$20 million.
- **Rohnerville Air Attack Base: Replace Fuel System (Continuing).** \$1.9 million General Fund for the construction phase. Total project costs are estimated at \$2 million.

Background. CCC: Residential Center, Auberry. The project is intended to renovate and/or build new on an existing elementary school and include buildings consisting of an administration building, several dormitories, an education building, a multipurpose building, kitchen, and dining room, an apparatus building(s) with CalFire administration offices and laundry room, staff housing quarters, a new warehouse with work area, and a hazardous materials storage building.

Additionally, the scope of work includes related infrastructure and site work as needed. This facility is intended to accommodate about 90 permanent residential Corpsmembers and support Type 1 fire crews and respective CalFire staff. This capital outlay project is anticipated to be completed in December 2027.

Staff Comments. CCC: Residential Center, Auberry. The estimated total project costs are significantly higher now than previously (\$60 million in 2022-23 vs. \$123 million in 2024-25). The administration notes that project costs have increased due to supply chain issues as a result of COVID's impact on the economy, inflation, and revision to preliminary plans and working drawings to accommodate fire crews at Auberry (the original plan was to house Forestry Corps crews). The administration notes that if this project is delayed, the total project costs will increase even more.

In addition, the COBCP states, "A future Budget Change Proposal will be submitted for an estimated \$7.2 million General Fund annually to fund startup and ongoing operational costs at the Auberry residential center to support about 18 staff and 90 Corpsmembers." Given the projections of the condition of the General Fund in outyears, including roughly \$30 billion ongoing operating deficit, a question arises as to how the General Fund can support the costs associated with this project (both construction and operations).

Sonoma Lake Napa Unit Headquarters and St. Helena Fire Station. Concerns have been raised regarding CalFire's proposal for the Sonoma Lake Napa Unit Headquarters regarding its location. The proposed fire station complex is proposed to be located in a known wildlife corridor. If the Subcommittee wishes to approve this proposal, the Subcommittee may wish to consider adding budget bill language to ensure that the design, construction, and use of the fire complex have minimal and/or mitigated impacts to the wildlife corridor.

LAO Comments. Capital Outlay Projects and General Fund. In light of the deterioration of the General Fund condition, the Legislature may want to be cautious about adopting new proposals that could exacerbate the state's budget problems—not only in the budget year but also in out years—and contribute to potentially needing to make future cuts to existing state programs to accommodate them. This includes applying a high bar to new capital outlay projects that may require General Fund support, both up front to fund early phases as well as longer-term commitments to repay bonds or fund additional operational costs.

While many of the proposed projects may address worthwhile needs, collectively, they will increase pressure on the General Fund by a notable amount. Specifically, the LAO estimates that the projects listed above will require about \$18 million from the General Fund in 2024-25; about \$75 million from the General Fund on a one-time basis over the next couple of years for future project phases; and close to \$40 million annually from the General Fund over the next few decades to pay for debt service on lease revenue bonds, along with additional operating costs in the case of the Auberry residential center. (These would be in addition to \$19 million on one-time costs and over \$50 million in annual costs, likely mostly from the General Fund, to repay bonds for CalFire's new training center and Exposition Park's South East Underground Parking Structure.) Accordingly, it will be important for the Legislature to consider

whether it wants to prioritize the use of the General Fund for these costs at this time, or whether it would prefer to defer action on some or all of these projects until the budget picture improves.

LAO Recommendation. *Capital Outlay Projects and General Fund.* The Governor proposes to fund various phases for a number of new capital outlay projects at CalFire and other CNRA departments in the 2024-25 budget. While many of the proposed capital outlay projects may have value, the LAO recommends the Legislature consider whether they all need to be funded this year given (1) the severity of the challenges with the state's budget condition and (2) that collectively, the LAO estimates these projects will increase General Fund costs notably in both the budget year and out years, thus exacerbating the challenges facing the General Fund.

Staff Recommendation. Hold open.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)**Issue 26: Ramona Air Attack Base (AAB): Critical Emergency Response Operations Infrastructure Improvements**

Governor’s Proposal. The Governor’s budget requests \$12 million one-time General Fund in 2024-25 for a loading pit reconfiguration at the Ramona AAB to repair and improve retardant loading operations, better meet tactical objectives, and increase fire operations.

Background. CalFire occupies and operates the Ramona AAB in support of the wildland fire prevention and suppression mission in San Diego County and the surrounding State Responsibility Area (SRA) in southern California.

To help address increasing wildland fire threats, CalFire is receiving seven C-130 aircraft from the federal government and will be retrofitting them as Large Air Tankers (LAT), one of which will be based at the Ramona AAB. CalFire’s current aircraft permanently stationed at Ramona AAB includes one OV-10 and two S-2T air tankers.

The current Ramona AAB loading pit configuration requires aircraft to rotate at the airbase apron and tail into the loading pit area where Ramona AAB personnel connect the retardant hose to the rear of the aircraft to load retardant into the airtanker. Current CalFire airtanker equipment (S-2Ts) have a small turning radius and wingspan, which accommodates this tight maneuverability. During initial attack incidents, or smaller scale major incidents, which do not require the inclusion of additional airtankers, the current methodology of tail-in loading meets smaller aircraft operational needs.

CalFire has hosted LATs during support of large-scale incidents and on temporary assignments. During these occasions, the LAT style aircraft create operational conflicts. LATs cannot tail-in load in the current Ramona AAB loading pit configuration: wingspans are too great and turning radii are not tight enough to allow the LAT aircraft to get close enough to the loading pits to tail-in load. Retardant loading hosing must be pulled out to LAT aircraft as the LATs are pulled parallel to the loading pits. This also makes it difficult, and at times impossible, for S-2T aircraft to pull in and load while LAT aircraft are reloading.

During large scale incidents, where many air tankers, including LATS, are required to reload out of the Ramona AAB, the tail-in reloading configuration becomes inefficient and creates aircraft queuing issues. LATs cause aircraft backups as they take much longer to reload and make the other loading pit areas inaccessible. During these operational needs, aircraft become stuck on the airport taxiways, which often requires the airport to limit or shutdown airport operations for non-fire aircraft. This configuration can cause delays in reloading, resulting in fewer retardant sorties onto fires, fewer tactical objectives being met, and less efficient fire operations.

These problems can be mitigated with pull-through style loading pits as used in the majority of California AABs (Rohnerville, Redding, Chico, Grass Valley, McClellan, Sonoma, Fresno, Paso Robles, and Porterville). This configuration allows all air tankers to pull off the airport taxiway directly into the loading pit to be reloaded. Once reloaded, the airtankers pull out directly back onto the taxiway to return to the runway. This configuration has been recognized for its efficiency, reduction in reloading times, and reduction or elimination of taxiway conflicts—all elements that impact the number of retardant sorties onto the fire.

The administration states that with the addition of improved loading pit configurations at Ramona AAB, CalFire will be more efficiently equipped to support a greater arsenal of air attack on wildfires.

Staff Comments. The Legislature faces a very difficult challenge to pass a balanced budget for 2024-25. According to the LAO, the budget deficit is estimated to have grown to \$73 billion as of February 2024. As such, the Legislature will need to maximize the use of General Fund, and prioritize funding in a fiscally responsible manner. In addition, the Governor's budget includes estimates of multiyear revenues and spending. Under the administration's projections, the state faces operating deficits of \$37 billion in 2025-26, \$30 billion in 2026-27, and \$28 billion in 2027-28. The LAO notes that although these deficits are smaller than the current one, they are still quite significant.

Staff Recommendation. Hold open.

Issue 27: Additional CalFire Training Center (CFTC): New Facility (BCP)

Governor’s Proposal. The Governor’s budget includes \$18.7 million from the General Fund in 2024-25 for the acquisition of property on which to construct a new training center for CalFire. The total cost of this project is anticipated to be \$419 million.

The acquisition phase is estimated to begin July 2023 and be completed in June 2026. The performance criteria phase is estimated to begin July 2026 and be completed in June 2028. The design-build phase is estimated to begin July 2028 and be completed February 2031.

Background. The existing CFTC in Ione, California consists of facilities that are over 50 years old and are over 50 miles from the nearest large, metropolitan area. A major capital outlay project to develop a master plan for the CFTC, which will expand and update the existing facility in Amador County has already begun; however, CalFire states that the restrictions of the current site and facility limit the amount of additional infrastructure and is not sufficient to cover current or future training needs.

The existing CFTC in Ione, California supports the training of then, approximately 3,000 department employees. The CFTC is a year-round training facility for CalFire personnel and allied public safety agency cooperators. The primary purpose of the CFTC is to train CalFire personnel to mitigate all-hazard calls of service, including and not limited to medical aids, rescues, structure and vehicle fires, wildland fire, hazardous materials incidents, and support to peace officers.

Various Budget Change Proposals approved in 2022-23 added 1,500 permanent positions to the department, of which approximately 750 will require training prior to emergency response. In 2023, the CFTCs are expected to train over 1,700 Fire Control Academy students, twice the 2021 number and over 500 more than 2022. Currently, the Labor Union, CalFire Local 2881, that represents all CalFire Firefighters is in a Joint Labor Management Committee to reduce the current work week from 72 hours to a 66-hour work week. This would result in a reduction in staff working hours by about eight percent. The reduction in work week hours would immediately increase the staffing numbers required to cover the shift vacancies created by the reduction in work hours. CalFire is at capacity with current demand, and it has created an unfeasible environment to properly train firefighters. In 2023, the current CFTCs will not be able to meet the need to train approximately 1,700 FFA and COA students.

To meet the increased training numbers in 2023 both Training Centers (CFTC in Ione and the Ben Clark Training Center in Riverside County) will have classes 49 out of 52 weeks, with a break during the New Years’, Thanksgiving, and Christmas holiday weeks. This schedule provides no flexibility for facility maintenance and general repairs to housing areas, dining, or kitchen facilities. The annual deep cleaning of the kitchen, dining hall, and dormitory rooms will require multiple weekend overtime shifts between academy classes. Despite repeated support budget adjustments to increase training resources, demand continues to outpace supply.

Temporary Training Facility. CalFire is currently leasing a temporary facility in the northern region to meet the need of the additional required training of approximately 385 students. In May 2023, CalFire entered into a cooperative facility lease agreement with Shasta College to hold the additional trainings. CalFire is working with DGS to establish a long-term lease for the facility and plans on using Shasta College as a temporary facility until a new state-owned training center site can be established.

The administration states that Shasta College is not a permanent long-term solution for CalFire’s increasing demand for training. To make it a viable option, Shasta College would need extensive

expansion and renovation. These renovations would need to be done on leased property. In addition, Shasta College exceeds a thirty-mile radius from a major airport. The distance from a major airport is problematic given the travel required to Shasta College. In the long term, CalFire states that it cannot operate a training center at Shasta College.

LAO Comments. In the 2023-24 budget, the Governor proposed (1) \$545,000 for a study that would identify potential parcels in the Sacramento area on which to construct a new training center facility for CalFire and develop a more refined cost estimate for the project, and (2) \$18.7 million to acquire a property for the new training center. In the LAO's February 2023 publication *The 2023-24 Budget: California Department of Forestry and Fire Protection's Major Capital Outlay Proposals*, the LAO raised a variety of concerns about this proposed project. Among these concerns, the LAO found that CalFire had failed to adequately justify that its ongoing training needs are sufficient to require the construction of the new proposed facility. Furthermore, the LAO found that it was premature to fund the acquisition before:

- (1) A forthcoming master plan for one of the state's main existing training centers in Ione (Ione Master Plan) was available for legislative review. This is because the Ione Master Plan is expected to provide insights into the expansion capacity at that facility, thus informing how much additional capacity, if any, would be needed at other facilities (such as potentially a new training center).
- (2) The proposed study of the new training center was complete and available for legislative review. The LAO noted that the proposed study was anticipated to provide information on available sites, as well as develop refined scope and cost estimates for the project. This would be important information for the Legislature to have before deciding whether it makes sense to move forward with the project, as well as to more accurately estimate how much funding would be needed for the site acquisition.

In light of the concerns raised by the LAO, the Legislature approved partial funding for the project—providing \$645,000 from the General Fund for a study with expanded scope but rejecting the proposed funding to acquire property for a new training center as premature. Through provisional language included in the budget bill, the Legislature required that the expanded scope of the study include information to inform whether a new training center is necessary and, if so, to gain a better understanding of the project's cost and scope. Specifically, the Legislature required that the study include estimates of future growth in CalFire staffing and associated training needs, as well as an evaluation of the benefits and costs of multiple potential alternatives for meeting those training needs (with constructing a new training center as one, but not the only, option considered). It further required that the results of the Ione Master Plan be incorporated into the study.

CalFire has not yet completed either the Ione Master Plan or the study that the Legislature funded last year to help inform whether and how it should move forward with constructing a new training center. Accordingly, consistent with the LAO's recommendation from last year, the LAO finds it premature to provide funding for the acquisition of property for the training center until these studies are complete and available for legislative review (anticipated to be April 2024). The Legislature could consider whether to provide funding when it has had time to review the contents of these studies and evaluate whether they justify moving forward with the proposed project.

LAO Recommendations. The LAO recommends the Legislature withhold action on the Governor's proposal to provide \$18.7 million from the General Fund in 2024-25 for the acquisition of a property on which to construct a new training center for CalFire until it has an opportunity to review the contents of two forthcoming studies. The LAO finds it premature to fund the acquisition of property for this project when the Legislature has not yet been afforded the opportunity to review relevant studies, including

justification for whether the project is necessary. The additional information from these reviews is important to informing the Legislature's deliberations by providing clarity on the nature of CalFire's training needs, the options available to meet those needs, as well as a more refined cost estimate for the potential construction of a new training center should it be determined to be necessary. Depending on how quickly CalFire completes these studies, information could be available to inform legislative action on this proposal as part of the 2024-25 budget process, or might necessitate deferring a decision until next year's budget process.

Staff Recommendation. Hold open.

Issue 28: 66-Hour Workweek (no BCP)

Governor’s Proposal. According to the LAO:

Includes Roughly \$200 Million—Growing to Over \$750 Million Ongoing—From the General Fund to Implement a 66-Hour Workweek. The Governor’s budget includes \$199 million (\$197 million from the General Fund) and 338 positions in fiscal year 2024-25 to begin implementing a shift to a 66-hour workweek as contemplated in the 2022 MOU with Unit 8. The costs of the proposal would increase in the coming years as CalFire phases in the changes, rising to \$770 million (\$756 million from the General Fund) on an ongoing annual basis and 2,457 permanent positions by 2028-29. As shown below, these costs include:

- (1) salaries and benefits for adding new firefighter and other wildfire response-related positions;
- (2) salaries and benefits for adding new support staff, including administrative personnel and maintenance staff;
- (3) additional overtime (including both scheduled and unplanned) for firefighters and other wildfire response-related classifications;
- (4) 235 new vehicles, as well as costs for vehicle leases, maintenance, radios, and equipment;
- (5) various augmented aerial support-related contracts, such as for contracted pilots and mechanics at airbases;
- (6) one-time special repair funding to address maintenance needs at CalFire facilities;
- (7) training center costs; and,
- (8) proportional funding for contract counties.

(Continue to next page)

Summary of 66-Hour Workweek Funding Proposal

(Dollars in Millions)

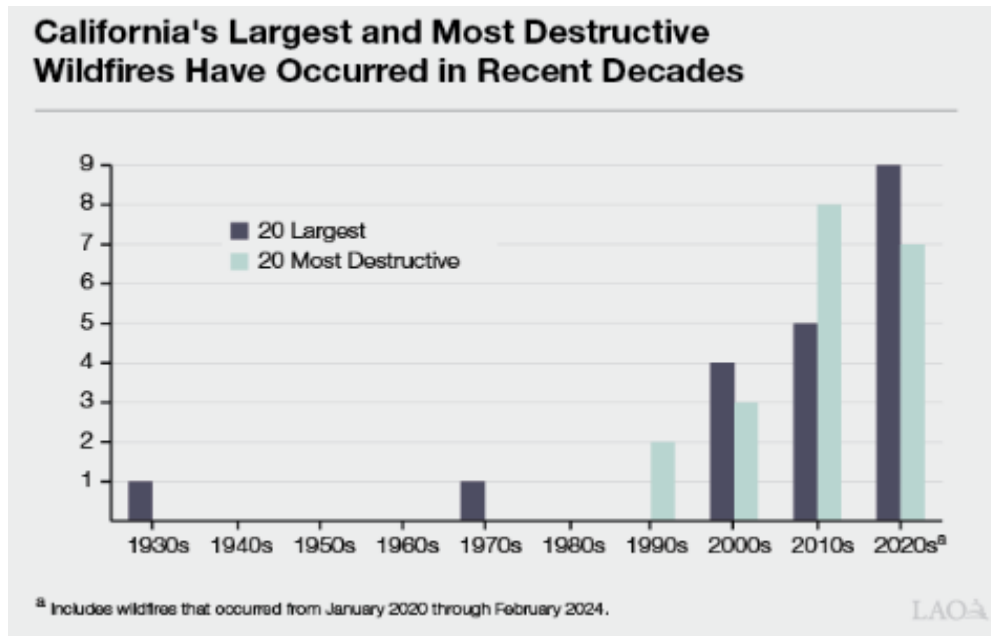
	2024-25		Ongoing	
	Positions	Amount	Positions	Amount
Salaries and Wages	338	\$28.3	2,457	\$191.9
Fire Response Positions	231	\$19.5	2,075	\$162.1
Fire Apparatus Engineer	104	7.6	1,352	98.7
Fire Captain	105	8.6	594	48.7
Battalion Chief	10	0.9	59	5.5
Heavy Fire Equipment Operator	10	0.8	40	3.3
Assistant Chief	6	1.1	24	4.3
Forestry Fire Pilot	5	0.6	15	1.7
Aviation Officer III	5	0.7	5	0.7
Reduction of Firefighter I Costs	-14	-0.8	-14	-0.8
Support Positions	107	\$8.8	382	\$29.8
Associate Governmental Program Analyst	56	4.2	302	22.7
Staff Services Manager I	5	0.4	34	3.0
Heavy Equipment Mechanics	25	2.0	25	2.0
Direct Construction Supervisor I	21	2.1	21	2.1
Overtime	—	\$13.9	—	\$122.3
Scheduled Overtime	—	9.5	—	83.6
Unplanned Overtime	—	4.4	—	38.8
Staff Benefits	—	\$28.4	—	\$206.4
Operating Expenses and Equipment	—	\$20.0	—	\$125.8
Contracts for Aircraft Staffing and Maintenance	—	\$15.1	—	\$15.1
Vehicles Purchases, Leases, and Repair	—	\$48.5	—	\$14.8
Training Center Costs	—	\$33.2	—	\$7.7
Special Repairs	—	\$5.3	—	—
Contract County Proportional Share	—	\$6.3	—	\$86.4
Totals	338	\$198.9^a	2,457	\$770.4^b
^a \$197 million from the General Fund and \$2 million from reimbursements and various special funds.				
^b \$756 million from the General Fund and \$14 million from reimbursements and various special funds.				

Source: LAO

Background. According to the LAO:

CalFire's Main Responsibilities. *CalFire Has Responsibilities for Fire Response and Resource Management.* CalFire has primary responsibility for wildland fire response in State Responsibility Areas, which are mostly privately owned wildlands that encompass about one-third of the acreage of the state. The federal government is responsible for wildland fire response on federal lands. The balance of the state consists of both developed and relatively rural lands (generally not wildlands) for which fire response services are the responsibility of local jurisdictions. In some cases, local jurisdictions contract with CalFire to provide fire protection and other services on their behalf. In addition to its roles related

to fire response, CalFire also has various responsibilities for the management and protection of the state’s forests.

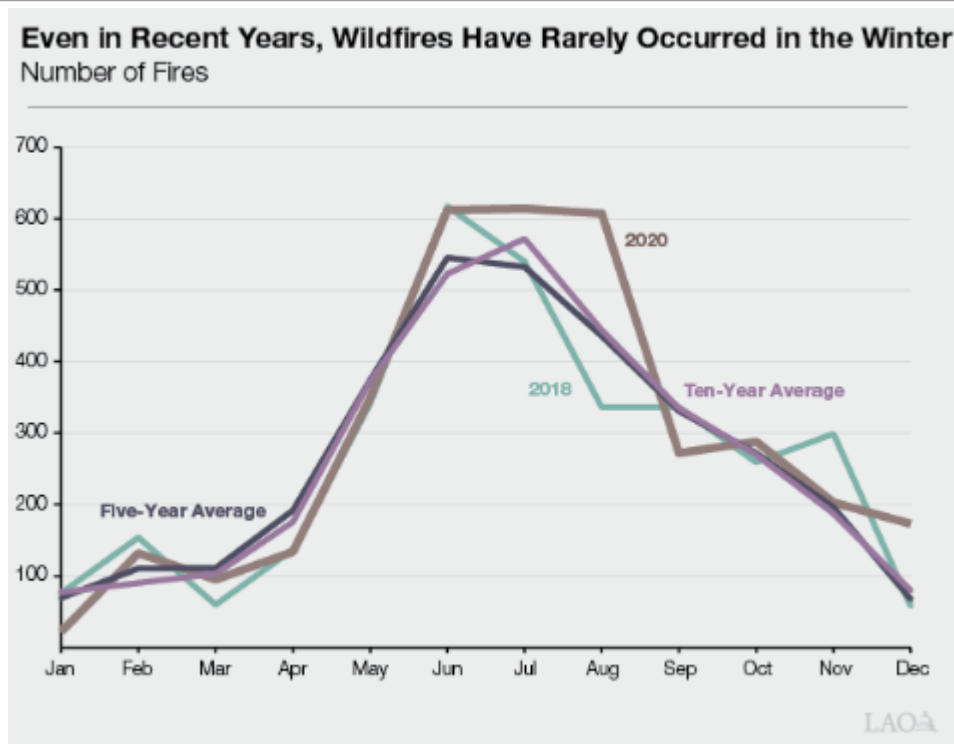


Source: LAO

Trends in Wildfires and CalFire’s Budget. *Major Wildfires Have Occurred Over the Past Several Years.* As the figure above shows, most of California’s largest and most destructive wildfires have occurred in recent decades. This trend has been particularly notable in the last several years, which have seen some of the worst wildfires in the state’s recorded history. For example, the 2018 wildfire season included the Camp Fire in Butte County, which became the single most destructive wildfire in state history with nearly 19,000 structures destroyed and 85 fatalities, including the near-total destruction of the town of Paradise. A few key factors have contributed to the recent increase in large and destructive wildfires, including climate change, poor forest and land management practices, and increased development in fire-prone areas.

While Annual Wildfire Seasons Have Lengthened, Strong Seasonal Pattern Still Exists. Despite recent years having particularly large and destructive wildfires and concerns about wildfires becoming a year-round phenomenon, the occurrence of wildfires in California continues to have a strongly seasonal pattern—primarily occurring during the summer and fall months when the weather is the driest. The figure below shows the average number of wildfires by month across the last five years compared to the ten-year average, along with the number of wildfires by month in the severe 2018 and 2020 wildfire seasons. As the figure shows, wildfire activity is relatively low from December through March and reaches its peak from June through August each year. While generally fewer wildfires occur in the fall (as compared to summer), these fires can be particularly severe because forests are dry after little to no rainfall during the summer, as well as due to other autumn weather conditions such as high winds.

(Continue to next page)



Source: LAO

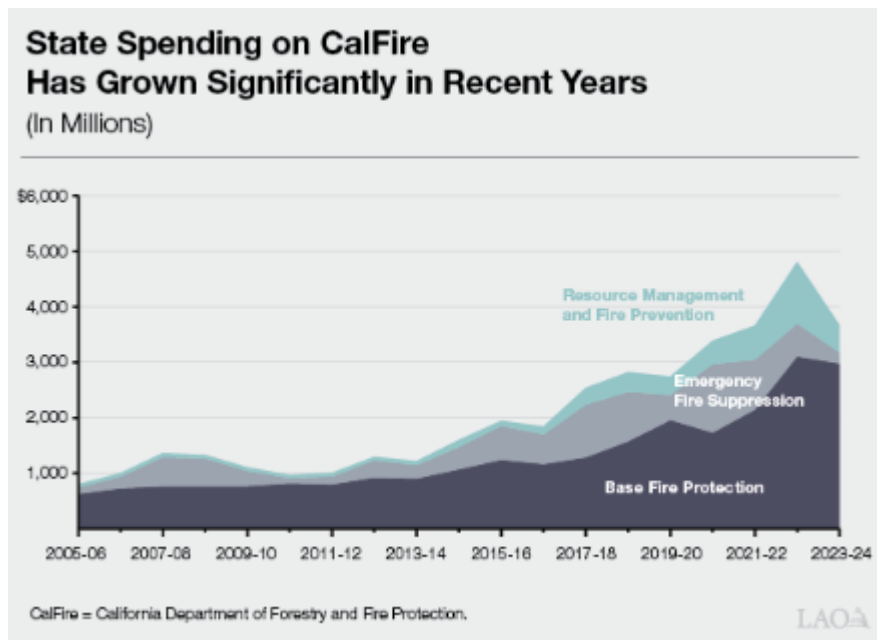
Increase in Wildfires Has Led to Concerns About State’s Preparedness and Demands on Firefighters. Recent increases in large and severe wildfires have raised concerns about the state’s capacity to adequately respond to these growing threats, particularly when multiple large wildfires occur simultaneously as has happened in recent years. Responding to these large and severe wildfires has imposed significant burdens on firefighters—many of whom have been required to work long stretches without breaks. This, in turn, has led to concerns about the mental and physical health and wellness of the firefighters who are on the frontlines of these events. These issues have been highlighted in the media—such as in a series of articles published in 2022 by CalMatters.

Legislature Has Taken Various Actions to Respond to Concerns. The Legislature has taken a number of actions in response to these growing concerns, including to improve the health and wellness of firefighters. For example, in the 2020-21 and 2022-23 budgets, the Legislature approved proposals—totaling roughly \$170 million per year on an ongoing basis—to provide relief staffing for CalFire. The main goal of these augmentations was to reduce the strain on firefighters by making it easier for them to take time off, such as for vacations and training activities. Also, as part of the 2019-20 budget, the Legislature approved a proposal that provided \$9 million annually and 25 positions to augment various employee health and wellness programs at CalFire.

In recent years, the Legislature also has approved various increases in fire response capacity more broadly, such as adding new fire crews at CalFire and partner agencies and funding new helicopters and other aircraft. (The LAO summarizes many of these augmentations in our 2022 publications, *The 2022-23 Budget: Wildfire Response Proposals* and *The 2022-23 California Spending Plan: Resources and Environmental Protection*.) By augmenting fire response capacity, the state provided resources to enable CalFire to respond more quickly and forcefully to wildfires. This, in turn, was intended to help keep fires from growing and exacerbating, thereby avoiding placing more severe strains on firefighters. Finally, the state also has made unprecedented investments in improving forest and landscape conditions in recent years, including providing \$2.8 billion from 2020-21 through 2023-24 as part of a series of budget packages, as well as authorizing the continuous appropriation of \$200 million annually from Cap-and-Trade program revenues through 2028-29 to support wildfire resilience activities.

These investments—which the LAO discusses in more detail in its February 2024 report, *The 2024-25 Budget: Crafting Climate, Resources, and Environmental Budget Solutions*—are aimed in large part at reducing the susceptibility of the state’s forests and landscapes to catastrophic wildfires, which should indirectly reduce the strains on firefighters.

CalFire Budget and Staffing Have Increased Substantially in Recent Years. Driven by augmentations such as those discussed above, we estimate that CalFire’s total base wildfire protection budget has nearly tripled over the past ten years (from \$1.1 billion in 2014-15 to \$3 billion in 2023-24). As shown in the figure below, CalFire’s overall budget also has increased, with its combined budget for fire protection, emergency fire suppression, and resource management and fire prevention more than doubling over the past ten years (from \$1.7 billion in 2014-15 to \$3.7 billion in 2023-24). Correspondingly, CalFire’s staffing levels also have increased significantly over the past decade. Specifically, between 2014-15 and 2023-24, the number of positions that CalFire categorizes as related to fire protection increased from 5,756 to 10,275, and the total number of positions at the department grew from 6,632 to 12,000 (representing roughly an 80 percent increase in both cases).



Source: LAO

Current Structure of CalFire’s Workweek, Staffing, and Operational Models. CalFire’s current workweek, staffing, and operational models are dictated in large part by the department’s service needs, which include providing 24-hours per day, 7-days per week coverage on a year-round basis, as well as augmented response capacity during peak wildfire season. The LAO discusses these current structures in further detail below.

CalFire Currently Operates on a 72-Hour Workweek. CalFire firefighters have a different work schedule than most other state employees. To facilitate providing round-the-clock coverage, firefighters typically work—on average—four 72-hour workweeks in a 28-consecutive-day cycle. A 72-hour workweek typically consists of three consecutive 24-hour days (during which firefighters usually sleep at the station), followed by four days off.

Under Current Workweek, Firefighters Receive Significant Compensation From Both Scheduled and Unplanned Overtime. CalFire employees working a 72-hour workweek receive overtime pay for all hours worked in excess of 212 hours during the 28-consecutive-day work-period. (Pursuant to federal

law, 212 hours is the maximum number of work hours allowed during a 28-consecutive-day period before overtime must be paid.) This compensation structure results in 19 hours in a typical workweek (or 76 hours in a 28-day pay period) being paid at 1.5 times an employee's hourly rate for scheduled overtime, referred to as Extended Duty Week Compensation. The LAO estimates that scheduled overtime makes up roughly one-third of the total base pay for most common firefighter classifications. For example, the salary range for an entry-level, seasonal Firefighter I position is roughly \$3,700 to \$4,600 per month, plus an additional \$1,800 to \$2,300 in scheduled overtime.

Employees receive additional pay for unplanned overtime for any time worked in excess of 72 hours in a workweek, which also is paid at 1.5 times an employee's hourly rate. Unplanned overtime is used to backfill staff that take vacations or engage in training exercises, as well as to engage in certain emergency response activities.

CalFire Generally Uses a 3.11 Staffing Factor for Permanent Firefighters. To provide round-the-clock coverage and allow each firefighter to take four days off per week, CalFire must hire more than one person to cover each fire response position (referred to as a "post"). Historically, CalFire used a staffing factor of 2.33, meaning the department would hire 2.33 firefighters for each post position in order to provide coverage seven days per week. As a result of the recent relief staffing augmentations, CalFire currently is in the process of moving towards a new standard staffing factor of 3.11 for most post positions. Under this new staffing factor, the department would hire 3.11 firefighters for each post to provide coverage seven days per week as well as for when firefighters take time off (such as for vacations, sick leave, or training). CalFire fire engines generally are staffed with three personnel at all times. Since each of these positions is considered a post that must be covered, it would take 9.33 personnel to staff each engine if a 3.11 staffing factor were applied to each of the positions.

CalFire's Current Staffing and Operational Models Have Various Other Key Features. Besides the workweek and staffing factors, other important features of CalFire's current staffing and operational models include the following:

- Engines Currently Staffed With Mix of Classifications, Including Temporary Staff. CalFire's fire engines generally are staffed with three personnel at all times. At least one of these three personnel is required to be a Fire Captain or Fire Apparatus Engineer (positions referred to as "company officers"). For example, a fire engine may be staffed with a Fire Captain and two Fire Fighter Is or a Fire Apparatus Engineer and two Fire Fighter Is. As shown in the figure below, these personnel have different qualifications and duties. For instance, a seasonal Fire Fighter I has relatively few professional prerequisites. In contrast, attaining the rank of Fire Captain requires significant firefighting experience, including serving for roughly three years as a Fire Apparatus Engineer. Additionally, the various classifications also carry notable differences in pay and benefits—the LAO estimates that Fire Captains earn roughly 50 percent more per month than Fire Fighter Is and Fire Apparatus Engineers earn roughly one-third more per month than Fire Fighter Is. (Fire Fighter Is also are less costly for CalFire to employ because they work a maximum of nine months per year rather than year round.)
- CalFire Operates Three Staffing Periods. Currently, CalFire operates three staffing periods—base, transitional, and peak. The number of fire engines, air attack bases, and helitack bases that the department activates varies across these three periods based on projected fire risk. For example, during peak season—which typically extends from roughly June through early October—CalFire operates 356 fire engines, 12 air bases, and 10 helitack bases. In contrast, during the base staffing period—which typically extends from roughly December through March—CalFire operates 65 engines and no aerial resources. Between the base and peak periods, CalFire operates what it refers to as a transitional staffing period. During these times of year, the number of fire engines and aerial resources are ramped up and ramped down.

- CalFire Currently Rotates Personnel Individually Rather Than as a Group. Currently, CalFire firefighters rotate on and off of their shifts individually rather than together as a group “platoon.” For example, on a given fire engine, one firefighter may work Monday, Tuesday, and Wednesday; whereas another will work Tuesday, Wednesday, and Thursday; and a third will work Wednesday, Thursday, and Friday. For this reason, the same team of firefighters typically does not staff a fire engine together for more than one or two days a week.

Qualifications, Duties, and Pay Differ Across CalFire’s Firefighter Classifications

Company Officer Classifications		Other Key Firefighter Classifications	
			
<p>Fire Captain</p> <ul style="list-style-type: none"> • Permanent employee • Manage fire station and supervises fire crews • Typical minimum qualifications: drivers license and three years as a Fire Apparatus Engineer • Estimated monthly pay^a: \$9,300 	<p>Fire Apparatus Engineer</p> <ul style="list-style-type: none"> • Permanent employee • Operates fire trucks, leads assigned fire crew • Typical minimum qualifications: drivers license and eight months as a firefighter • Estimated monthly pay^a: \$8,300 	<p>Firefighter II</p> <ul style="list-style-type: none"> • Permanent employee • Member of fire crew under supervision • Typical minimum qualifications: 18-years old and three months of firefighting experience • Estimated monthly pay^a: \$7,500 	<p>Firefighter I</p> <ul style="list-style-type: none"> • Temporary employee • Member of fire crew under supervision • Typical minimum qualifications: 18-years old and capable of physical duties • Estimated monthly pay^a: \$6,200

^a Estimated monthly pay calculated assuming average of the salary range for the position and scheduled overtime. Does not include unplanned overtime.

CalFire – California Department of Forestry and Fire Protection. LAOA

Source: LAO

Unit 8 and Recent MOU

Unit 8 Represents Most CalFire Personnel. Under state law, state employees regularly undertake collective bargaining with the Governor (as represented by the California Department of Human Resources) over their compensation. State workers (except managers and certain others) are organized into 21 bargaining units and represented by unions. The product of the collective bargaining process is an MOU, which specifies the terms and conditions of employment. To take effect, MOUs must be ratified by union members and the Legislature. Unit 8 (CalFire Local 2881) represents most of CalFire’s positions, such as Fire Captains, Fire Apparatus Engineers, Fire Fighter IIs, and Fire Fighter Is. (CalFire’s positions that are not covered by Unit 8 mostly consist of its administrative and support positions, such as Associate Governmental Program Analysts and Office Technicians.)

Legislature Approved Current Unit 8 MOU in September 2022. The Legislature approved the most recent MOU with Unit 8 in September 2022 with the passage of AB 151 (Committee on Budget), Chapter 250, Statutes of 2022. This MOU is in effect through June 2024. A successor agreement likely will be submitted to the Legislature for ratification in the coming months, although the precise timing is not yet known. As the LAO discussed in its August 2022 analysis of the Unit 8 MOU, the agreement included various provisions such as providing a 6.6 percent general pay increase over two years, adding additional pay for employees with long tenures and certain education qualifications, increasing reimbursements for transit and vanpools, and changing the workweek.

Unit 8 MOU Included 66-Hour Workweek Provision—Contingent on a State Budget Appropriation. Under the agreement, the state and union agreed to reduce the CalFire firefighter workweek from 72 hours to 66 hours—a 24-hour reduction per 28-day pay period. The MOU set this change to take effect on November 1, 2024—notably, after the expiration date of the agreement—and subject to an appropriation in the 2024-25 budget. The agreement required that a joint labor management committee be established to determine the changes needed to implement the reduction, including hours of work, shift patterns, retention and recruitment, and classifications. The agreement further required the committee to present to the Director of the Department of Finance a mutual agreement by July 1, 2023, to be included in the Governor’s budget proposal in January 2024. Notably, the MOU specified that if the Governor declares a fiscal emergency and General Fund monies over the 2024-25 Governor’s budget’s multiyear forecasts are not available to support the reduction to a 66-hour workweek on an ongoing basis (including the estimated direct costs and any increases in the cost of overtime driven by the proposal), the parties agreed to reopen the provision regarding how and when to implement the workweek reduction.

Governor Intends to Declare Fiscal Emergency and General Fund Is Facing Very Large Out-Year Deficits. Due to a deteriorating revenue picture relative to expectations, both the LAO and the administration anticipate that the state faces a significant budget problem. Specifically, in January the LAO estimated that the Governor’s budget addressed a \$58 billion problem. More recent fiscal data the LAO summarized in its February publication, *The 2024-25 Budget: Deficit Update*, indicate the budget outlook continues to worsen. The LAO now estimates the state has a \$73 billion deficit to address with the 2024-25 budget. To address the budget problem, the Governor proposes a combination of actions including spending reductions, fund shifts, delays, reserve withdrawals, cost shifts, and revenue increases. Notably, while the Governor has not yet declared a formal budget emergency, the structure of the proposed solutions assumes that a declaration will be forthcoming in the next few months. Specifically, the proposed withdrawals from reserve accounts—a key part of the Governor’s budget balancing plan—are only allowable with a budget emergency declaration. Moreover, in addition to the immediate budget problem facing the state, both the LAO and the administration estimate that based on current revenue forecasts, the state will face significant structural operating shortfalls—at least \$30 billion annually—from 2025-26 through 2027-28.

LAO Assessment. Addressing Firefighter Fatigue and Welfare Is a Worthwhile Goal. *Workweek Change Aims to Address Legitimate Concerns About Firefighter Welfare.* The state has experienced some of the most severe wildfire seasons in its history in recent years. These wildfires have placed significant strains on the state’s firefighters, many of whom have been asked to work for extended periods with few breaks. These long periods of work have been difficult for firefighters as well as for their families. By switching from a 72-hour workweek to a 66-hour workweek, the typical schedule for a firefighter would include roughly one fewer 24-hour shift per month than is currently the case. This, in turn, could provide some additional time off for firefighters, thus helping to address the legitimate concerns about fatigue that have resulted from these recent wildfire seasons. In adopting the Unit 8 MOU, along with the various other actions it has taken in recent years to address concerns about the health and wellness of firefighters, the Legislature has demonstrated that it prioritizes this issue.

Legislature Faces Decision About Whether Proposal Is Affordable. Prioritizing firefighters’ health and welfare through the concept of reducing their workweek was a reasonable step for the Legislature to take in September 2022. However, at the time that the Legislature approved the current Unit 8 MOU, both the cost of adopting a 66-hour workweek and the extent of the state’s revenue shortfall still were unknown. The magnitude of the proposal the administration has now presented to the Legislature shows that it would create a substantial new ongoing General Fund commitment. This proposal comes at a time when the state faces a large, ongoing budget problem. As such, the Legislature faces a key decision as

to whether or not implementing the change in the workweek is affordable given the state's current fiscal condition.

Legislature Did Not Have Information About Cost Implications When It Considered MOU. When the administration submits an MOU to the Legislature for consideration, it typically prepares an estimate of the associated costs. In the case of the Unit 8 MOU, however, the administration's cost estimate did not include the costs of the 66-hour workweek provision for a couple of reasons. First, the workweek change would not be implemented until after the expiration of the MOU and the administration's estimate only included costs for activities occurring during the term of the MOU. Second, the joint labor management committee was given relatively broad discretion regarding how to structure implementation of the new provision, but the committee was not even formed until after the MOU was ratified. These factors precluded the Legislature from having detailed information about the ultimate costs of implementing the 66-hour workweek change when it considered the MOU. Notably, at the time the LAO analyzed the MOU, the LAO estimated that the 66-hour workweek provision likely would be costly for the state. However, the LAO was only able to provide a broad sense of the potential costs—which the LAO stated were likely to be in the range of hundreds of millions of dollars annually—given the uncertainty regarding how the provision ultimately would be effectuated.

Structure of MOU Workweek Provision Is Unique. The provision of the Unit 8 MOU that establishes a 66-hour workweek differs from how policy changes typically are handled through the collective bargaining process in a few notable ways. First, the provision establishes a large policy change that affects how the state compensates its employees and how the state combats wildfires with minimal detail and significant deference to the joint labor management committee process. Second, the provision has very large fiscal effects that are not incurred until after the labor agreement has expired, making it impossible to know the full fiscal effect of the current MOU at the time of legislative ratification. Third, the provision specifies that implementation of the policy change is subject to legislative appropriation in the 2024-25 budget—an explicit acknowledgment of the Legislature's budget authority and its ability to revisit, modify, or reject the policy in the future. None of these three characteristics are standard of a typical MOU provision.

Costs of Workweek Change Turning Out to Be Very High. The cost of the administration's proposed approach to effectuating the 66-hour workweek change is substantial—\$770 million (\$756 million from the General Fund) when fully implemented. This proposal would result in a roughly 20 percent increase in CalFire's budget and staffing levels compared to 2023-24. (Total funding and staffing in 2023-24 already reflect significant increases compared to historical levels.) As noted, only limited information was available on the details and implications of the 66-hour workweek when the Legislature approved the MOU, so it may not have expected the associated costs to be this high. The 66-hour workweek change also could create cost pressures for the state that are not reflected in the proposal. Most notably, by significantly increasing the number of firefighters the state employs, the proposal would contribute to the need to build a new CalFire training center, which is estimated to cost roughly \$420 million.

Fiscal Conditions Have Deteriorated Since the Legislature Considered the MOU. When the Legislature considered the Unit 8 MOU in September 2022, the state's fiscal condition and outlook looked significantly better than they do currently. Specifically, around the time the 2022-23 budget was enacted, both the LAO and the administration anticipated the state's budget would be roughly balanced over the coming years. Since that time, revenue projections have declined precipitously. For example, the administration's revenue forecasts for 2023-24 and 2024-25 are more than \$70 billion lower than they were in June 2022—and the LAO's projections are even worse. This revenue erosion has resulted in significant projected deficits both in the budget year and out-years.

Legislature Maintains Flexibility Over Implementing MOU Based on State's Funding Capacity. The provisions of MOUs are always subject to appropriation, as the Legislature has the fundamental

constitutional “power of the purse.” However, as referenced above, MOUs typically do not include language explicitly declaring this to be the case. The fact that the Unit 8 MOU explicitly mentions this condition seemed to emphasize that the Legislature might need to weigh the capacity of the General Fund to support the costs of the change beginning in 2024-25. Also, regardless of the intent of the language in the MOU, no particular Legislature may “bind the hands” of a future Legislature by requiring a future appropriation. As such, even though it approved the Unit 8 MOU, the Legislature still has flexibility around whether to provide funding to implement this proposal—as with any other proposal the committee and administration might put forward.

Governor Is Inconsistent in Pulling Back Some Commitments While Retaining 66-Hour Workweek Change. The administration putting forth this workweek proposal despite the budget shortfall—and thereby deferring to the Legislature to decide whether the General Fund can sustain the associated costs—deviates from its approach to various other state commitments. Notably, in light of recent deteriorations in the condition of the General Fund, the Governor is proposing to pull back numerous other commitments that the state made in recent years. For example, the Governor is proposing to eliminate the existing telework stipends that have been provided to many state employees—even though these stipends also were agreed upon in negotiations with numerous bargaining units—to save a much smaller amount than the cost of the 66-hour workweek proposal (\$26 million General Fund annually). Additionally, the Governor is proposing various budget solutions in the climate, resources, and environmental areas—including reductions, delays, and fund shifts—to achieve \$4.1 billion in savings to address the 2024-25 budget problem. These proposals would pull back multiple funding commitments that were made over the past few years, including reducing well over \$1 billion in funding that has already been appropriated. Given the condition of the General Fund, the LAO thinks it is both reasonable and necessary for the Legislature to revisit all its previous budget commitments—including those the Governor proposes revising and those he would leave intact—to determine whether they still are among its highest priorities for available funding.

Withholding Approval of Funding in 2024-25 Could Have Some Notable Advantages. There are a few reasons why it could be beneficial to the Legislature to withhold its approval of funding to implement the workweek proposal in 2024-25.

Withholding Approval Would Preserve Legislative Flexibility to Revisit Approach. The MOU includes language allowing for the reopening of when and how to implement the change in the workweek through future collective bargaining negotiations if the Governor declares a budget emergency and the General Fund cannot sustain the costs. However, in practice, if the Legislature chooses to appropriate the proposed funds to implement the change as part of the 2024-25 budget, delaying implementation through the collective bargaining process likely will be difficult and result in some other concessions to affected employees that would increase state costs. Deferring to the collective bargaining process for adjusting the workweek provision also would constrain the Legislature’s role in being able to shape any potential modifications, since its only involvement with MOU agreements is a “yes” or “no” vote on ratification. In contrast, if the Legislature were to defer approving funding for implementing the 66-hour workweek, it would give the parties the opportunity to reopen discussions on that provision as part of the upcoming negotiation process, such as to consider an alternative implementation timeline or put forward alternative and less costly options to address firefighter welfare. It also would give the Legislature the opportunity to independently explore whether it would like to implement other approaches to addressing its concerns about firefighter health and wellness instead of the workweek change. Accordingly, not funding the workweek proposal in 2024-25 is among the only effective avenues available to the Legislature if it wants to maximize its authority and flexibility to consider alternative approaches.

Withholding Approval Would Allow Legislature to Adjust to Future Budget Conditions. The flexibility provided by not approving the proposal in 2024-25 would allow the Legislature to revisit the choice regarding whether to implement the 66-hour workweek change in a future year when the General Fund

has greater capacity, including potentially with modifications as needed or desired. In contrast, if the Legislature approves the proposal now and the budget condition does not improve, it may be in a position of having to make even steeper cuts to other activities (or raising taxes by an even larger amount) to sustain this new funding commitment in the out-years while facing multibillion-dollar annual deficits.

Withholding Approval Would Enable Revised MOU to Incorporate Various Details That Have Yet to Be Bargained. Withholding approval of funding for the 66-hour workweek also would give the collective bargaining process more opportunity to work out specific details of the policy so that the Legislature and public can be more aware of the totality of the proposal and the details can be fully incorporated into a revised MOU. For example, the current MOU does not incorporate any changes to the number of hours firefighters would be paid for scheduled overtime, despite the fact that firefighters would be working fewer hours under the proposal. If a revised MOU were to come back to the Legislature for consideration in a future year, the negotiating parties could consider whether overtime pay policies for firefighters also should be adjusted in tandem with the workweek change.

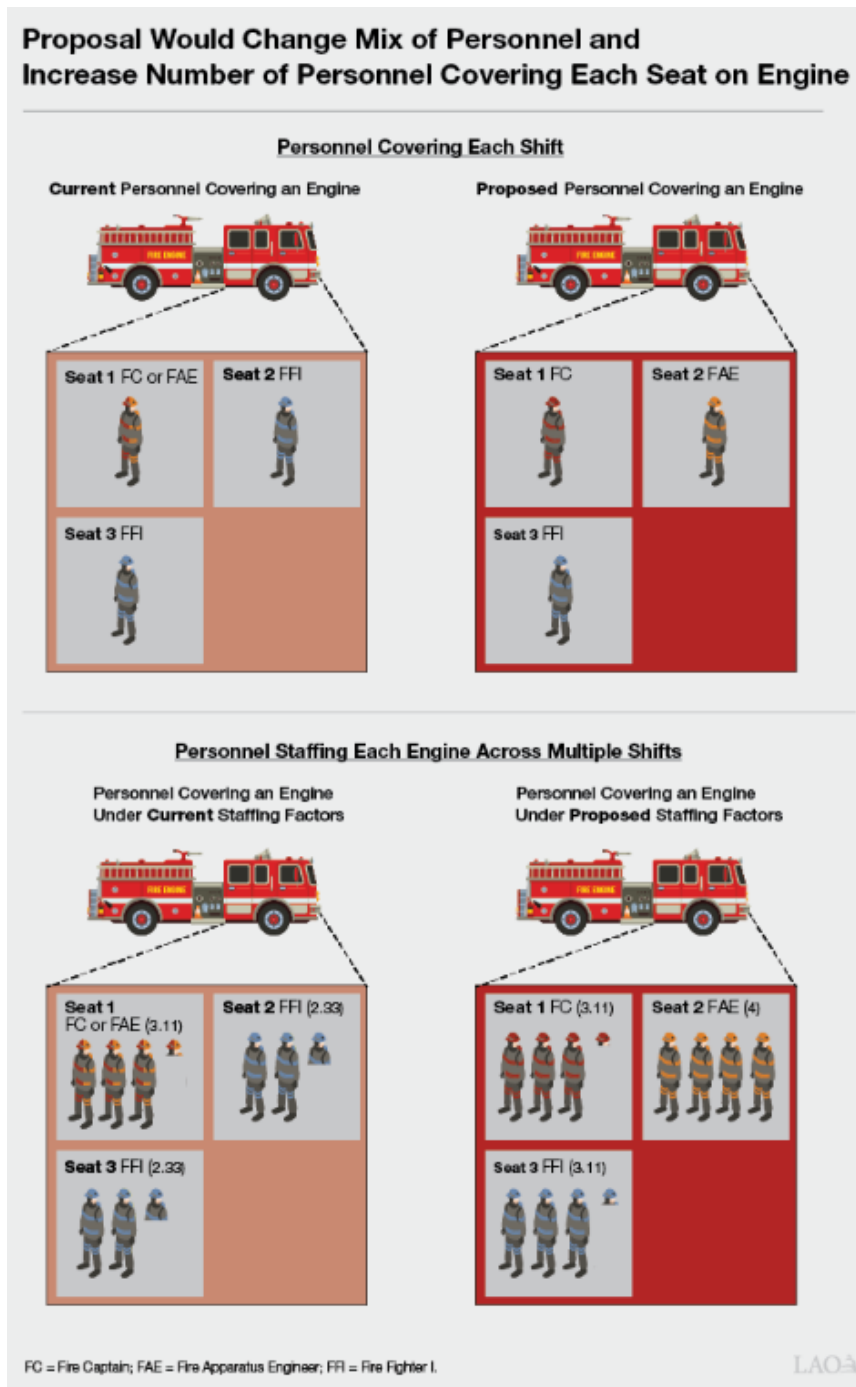
Proposal Has Large Operational and Other Impacts. The main intent of the proposal is to change the CalFire workweek from 72 hours to 66 hours. However, it goes well beyond just hiring proportionately more personnel to implement this change. Instead, the Governor also proposes making various changes to CalFire's staffing and operational models—with significant associated costs. Additionally, the proposal also has potential indirect impacts on both CalFire and other partner agencies, such as local governments, which are not fully understood at this time.

Administration's Proposed Approach Driven by Goal of Addressing Imbalance in Ratio of Positions and Increasing Staff Development Pipeline. The administration argues that it cannot reduce the workweek simply by adding proportionately more firefighting staff. Instead, in addition to hiring additional firefighters overall, the administration also proposes to modify various other aspects of CalFire's staffing model to address a current problem with its staff development pipeline. Specifically, the proposal makes two key changes with the primary intention of increasing both the number and proportion of Fire Apparatus Engineers the department employs. The administration's primary rationale for these changes is a concern that it would struggle to hire a sufficient number of Fire Captains to implement the workweek change if the department were to continue with its current staffing model. Working for at least three years as a Fire Apparatus Engineer is a prerequisite for being eligible to be hired for a Fire Captain position. Under CalFire's current engine staffing model, the department employs roughly three Fire Captains for every two Fire Apparatus Engineers. According to the administration, this imbalance has resulted in an inadequate pipeline of qualified staff to fill Fire Captain positions. The administration believes that adding large numbers of additional firefighters to reduce the workweek without changing the current staffing model would exacerbate this imbalance and result in an unworkable shortage of Fire Captains.

Proposed Approach Would Greatly Increase Share of Experienced, Year-Round Staff, Resulting in Higher Costs. The administration proposes to create a larger pipeline to Fire Captain positions by creating far more Fire Apparatus Engineer positions than would otherwise be necessary. Specifically, the administration proposes two actions that together have the effect of significantly increasing the number of Fire Apparatus Engineer positions relative to other firefighter classifications, both of which have notable cost implications:

- Increases Share of Seats on Engines Filled by More Experienced, Year-Round Fire Apparatus Engineers. As shown in the figure below, under the proposal, CalFire would use Fire Apparatus Engineers to fill many of the posts that currently are filled by entry-level, seasonal Fire Fighter Is. For example, an engine that currently is staffed at any given time with a Fire Captain and two Fire Fighter Is might instead be staffed by a Fire Captain, Fire Apparatus Engineer, and Fire Fighter I.

- Increases Number of Positions Hired to Cover Each Fire Apparatus Engineer Seat on an Engine. In addition to changing the staffing mix on an engine during a particular shift, the proposal also would change the number of Fire Apparatus Engineers CalFire hires to cover an engine across multiple shifts. (The number of positions hired to cover a particular post across multiple shifts is referred to as a staffing factor.) This proposed change also is illustrated in the figure below. Specifically, under the proposal, four people would be employed to cover each Fire Apparatus Engineer post rather than 3.11, as is the current policy. (As displayed, the proposal also would increase the current staffing factor for Fire Fighter I positions from 2.33 to 3.11.)

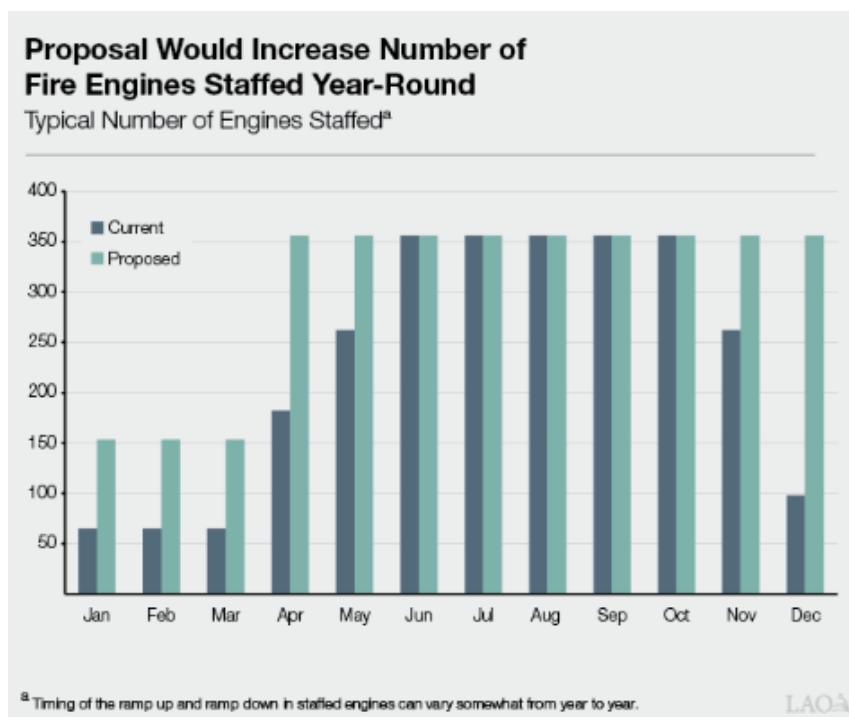


Source: LAO

The net result of these changes is that the proposal not only increases overall CalFire staffing levels by roughly 20 percent but also makes very significant changes to the mix of personnel employed by the department. Notably, the proposal would roughly double the number of Fire Apparatus Engineers employed by the department, while decreasing the number of Fire Fighter I positions. This, in turn, has very large fiscal implications because Fire Apparatus Engineers are much more costly for the department compared to Fire Fighter Is, both because their pay and benefits are more substantial and because they work more months per year.

Approach Has Various Cascading Impacts on CalFire’s Operational Model. The addition of over 2,000 new firefighters combined with the shift towards a much higher share of firefighters being more experienced year-round staff would have notable operational implications for CalFire, including the following:

- **Would Increase the Number of Fire Engines Staffed Year-Round.** The expanded ranks and higher share of permanent (rather than seasonal) firefighters would allow CalFire to modify when it staffs its fire engines. Specifically, instead of its current model of three staffing periods—base, transitional, and peak, as discussed earlier—CalFire would move to two staffing periods—base and peak—as shown below. Also, the peak staffing period would be extended to nine months rather than five months. Furthermore, the number of fire engines that would be staffed during the base period would more than double—153 versus 65.
- **Would Adopt a Platoon Staffing Model.** In addition to moving the department towards greater year-round staffing of engines, the additional permanent personnel would allow CalFire to adjust its staffing rotation to a platoon model (subject to further bargaining with Unit 8). Under this approach, firefighters would rotate on and off duty together as a group rather than individually. For example, an engine might be staffed by a team made up of a Fire Captain, Fire Apparatus Engineer, and Fire Fighter I on Monday, Tuesday, and Wednesday; a separate trio of individuals on Wednesday, Thursday, and Friday; and a third group on Friday, Saturday, and Sunday. Notably, under this model, some days would have overlapping groups of two teams working on the same day.



Source: LAO

Legislature Could Explore Other Options. Addressing the welfare of firefighters is a worthwhile goal. However, particularly given the state’s fiscal condition, the Legislature could consider other ways to address this underlying concern as an alternative to changing the workweek. Furthermore, even if the Legislature wants to proceed with implementing a 66-hour workweek, it could consider modifying the approach proposed by the administration.

Degree to Which Proposal Will Address Concerns About Firefighter Wellness Is Unclear. At a high level, the administration’s proposal to reduce the workweek would result in the state hiring many more firefighters and each firefighter working the equivalent of one fewer 24-hour shift per 28-day pay period. This has the potential to improve conditions for firefighters since they will receive some extra time off relative to their current schedules. Also, because the proposal would result in higher overall staffing levels at CalFire, it could increase firefighting capacity and thus somewhat reduce the amount of overtime any individual firefighter might be asked to work. However, the extent to which the change would improve firefighters’ overall health and wellness is uncertain. This is in part because—as discussed in the box below—the nature of the health and wellness challenges facing firefighters is not fully understood, and thus the most effective strategies for addressing these issues are not particularly clear. Additionally, the proposal would not affect many of the underlying challenges associated with being a firefighter. Specifically, under this proposal, firefighters still would have to deal with the various inherent strains of the job, including doing physically and emotionally strenuous work. Moreover, even with a shorter workweek firefighters still would be expected to work regular 72-hour shifts and still would have to be available to serve potentially much longer periods during severe wildfire events.

Lack of Clarity Regarding Nature of Problem With Firefighter Welfare

A general recognition exists that the health and wellness of firefighters is a concern—particularly in light of recent severe and destructive wildfire seasons. However, the scope of the issues facing the California Department of Forestry and Fire Protection’s (CalFire’s) firefighters still is unclear, as data on key metrics such as the incidence of post-traumatic stress disorder, other mental health issues, and suicides are limited. Additionally, despite the increasing concerns about the health and wellness of firefighters, CalFire reports that its employee retention rates have remained largely stable over time and firefighting positions appear to continue to be very attractive to new employees. To date, CalFire has not provided evidence that it has faced challenges attracting firefighters to work at the department. For example, CalFire reports that it currently has three times more applicants for entry-level Fire Fighter Is than available positions, suggesting that health and wellness concerns are not dissuading people from pursuing this profession.

Most Cost-Effective Way to Address These Firefighter Wellness Concerns Is Unclear. Given the lack of clarity around the strains affecting firefighters and the best ways to address them, the Legislature could consider alternatives besides changing the workweek. For example, the Legislature could expand the existing health and wellness programs at CalFire to ensure that firefighters have access to robust support for mental and physical health concerns. Other changes the Legislature could explore include implementing policies that prohibit firefighters from working more than a certain number of days in a row (potentially paired with expansions in the use of mutual aid with partner agencies to offset potential losses in fire response capacity) or decrease the number of hours worked in the offseason (such as through reducing or eliminating planned offseason overtime, as was done prior to a change that occurred in 2006-07). Additionally, the Legislature could consider using some of the funding that would be required to implement the 66-hour workweek change to instead support efforts to improve conditions in the state’s forests. Such investments potentially could provide long-term benefits to firefighters—as well as to the environment and surrounding communities—by reducing the likelihood of the severe wildfires

that create the most significant strains on firefighters. Each of these actions would involve trade-offs, but they remain available options for the Legislature to explore if desired.

Other Ways to Implement a 66-Hour Workweek. The administration indicates that it does not believe any other viable approaches to reducing the workweek exist apart from the one it presents in its proposal. However, if the Legislature wants to move forward with implementing a 66-hour workweek in accordance with the MOU, the LAO has identified a number of other approaches for doing so—although none is without trade-offs. For example, the Legislature could consider:

- Reducing Relief Staffing. The Legislature could consider reducing the workweek at least in part by dropping the engine staffing factor back to 2.33 (the level prior to the changes approved in 2020-21 and 2022-23). Under this approach, the additional personnel that CalFire currently is in the process of hiring to implement a 3.11 staffing factor could instead be used to provide coverage for a reduction in the workweek. This could allow the department to shorten the workweek without adding such significant new costs. A major drawback to this approach is that maintaining a lower staffing factor would deny firefighters the benefit of additional capacity to cover time off for vacations, training, and other activities. It also could potentially result in some additional overtime compared to current plans.
- Increasing Scheduled Overtime. The Legislature could consider using scheduled overtime to meet at least some of the reduced workweek hours. If the reduced workweek hours were covered entirely through scheduled overtime, this would essentially result in firefighters working a similar amount as they currently do, but shifting some of those hours to be classified as overtime. Such an approach likely would have the effect of increasing the net compensation for firefighters—and therefore state costs—but the LAO expects that the overall costs would be less than the Governor’s workweek proposal. A major drawback to this approach is that even though it might increase firefighter compensation, it would not reduce their total work hours to the same degree, and thus might not provide the desired health and wellness benefits.
- Addressing the Fire Captain Shortage Through Other Approaches. The Legislature could consider adding firefighters to implement the 66-hour workweek but taking other, less expensive actions to address the Fire Captain imbalance. Many of the administration’s proposed changes—and associated costs—result from increasing the number of Fire Apparatus Engineers to encourage a bigger development pipeline for Fire Captains. The Legislature could instead adjust CalFire’s existing classification requirements, or create a new classification. For example, the Legislature could look into creating a Lieutenant classification as a rank between Fire Captain and Fire Apparatus Engineer, which could enable Fire Apparatus Engineers to promote more quickly. This, in turn, would mean that fewer Fire Apparatus Engineer positions would be necessary to create an adequate staff development pipeline for higher-level positions. The Legislature also could direct CalFire to try to recruit Fire Captains from other agencies. Even if this required increasing the Fire Captain salary to make it more attractive, such an approach could potentially be less expensive than significantly expanding the number of Fire Apparatus Engineers beyond what is necessary to effectuate the workweek change.

If the Legislature Approves Proposal, Important to Maximize the Benefits. Given the important goals—and very large costs—of the Governor’s 66-hour workweek proposal, if the Legislature moves forward with approving it, ensuring that the change provides as much value as possible to the state will be important. Below, the LAO discusses how the Legislature can facilitate this objective through requiring additional tracking and reporting.

Proposal Has the Potential to Improve Wildfire Resilience, but Actual Benefits Will Depend Upon Implementation... The administration’s proposed approach to decreasing the workweek to 66 hours

would result in the state hiring over 2,000 additional permanent firefighters upon full implementation. These firefighters would work on a year-round basis even during months when relatively few wildfires occur. In principle, when not fighting fires, these personnel should be available to perform other priority activities, such as thinning forests and conducting prescribed burns to improve the resilience of the state's forests. Importantly, however, the level of wildfire resilience benefits that ultimately are achieved will depend heavily on the extent to which the additional firefighters actually conduct this wildfire resilience work in practice.

...And Wildfire Resilience Activities Currently Not Well-Tracked. CalFire does not systematically track the amount of time its crews spend on wildfire resilience work versus other pursuits, which makes verifying the extent to which firefighters actually spend time on these activities difficult. Moreover, while CalFire currently tracks and reports the overall number of acres treated as a result of activities undertaken by the department, it does not report a break out of how many acres were treated directly by CalFire personnel—either by firefighting crews or by dedicated fuel reduction crews—compared to those treated by partners that receive grants administered by CalFire. Absent such information, determining whether changes in the number of acres treated are a result of additional activities being conducted by firefighters—including personnel added as a result of the 66-hour workweek proposal—or stem from other state investments (such as the funding provided in recent wildfire resilience packages) will continue to be challenging. Should it fund the workweek change, the Legislature could use it as an opportunity to hold CalFire more accountable for achieving demonstrable wildfire resilience co-benefits by requiring more detailed reporting on (1) how CalFire firefighters spend their time, including the amount of time spent on wildfire resilience activities, and (2) the number of acres treated by CalFire firefighters.

LAO Recommendations. *Evaluate Whether Adopting New 66-Hour Workweek Is Affordable at This Time Given Significant General Fund Shortfall.* The LAO recommends the Legislature not treat the decision about whether to fund the implementation of a 66-hour workweek as one that has already been made. As noted, the MOU was structured to provide the state with the flexibility to weigh the state's fiscal condition when determining whether or not implementation of this change should proceed—including by explicitly making it subject to a legislative appropriation and by including language that negotiations over the provision could be reopened if the Governor declares a fiscal emergency. The LAO therefore recommends the Legislature decide whether or not to fund this change in 2024-25 based on its evaluation of the merits of the proposal, taking into account the information it now has on the costs of implementing the change and the condition of the General Fund. Given the state budget deficit, the LAO recommends the Legislature reassess all its previous budget commitments—including those the Governor proposes revising and those he would leave intact—to determine whether they still are among its highest priorities for available funding.

Notably, given the recent deterioration in the condition of the General Fund, the LAO expects that difficult budget decisions may lie ahead for the Legislature. Specifically, based on current revenue projections, to bring the budget into balance over the next few years, the Legislature will have to adopt some combination of ongoing program reductions and tax increases totaling at least \$30 billion. Accordingly, the LAO recommends that the Legislature weigh whether the benefits of the 66-hour workweek proposal are sufficient to prioritize funding it beginning in 2024-25, recognizing that doing so likely will come at the expense of cutting other existing ongoing commitments more deeply and/or raising taxes more significantly than would otherwise be the case.

If Uncertain Whether General Fund Can Support Proposal, Do Not Approve in 2024-25... Several factors contribute to uncertainties around whether the General Fund can sustain this proposal in the coming years, including its high costs, current projections of budget-year and out-year deficits, and lack

of clarity regarding future economic conditions. Moreover, as noted, the Legislature did not have comprehensive cost estimates or information on the operational implications of the proposal when it approved the concept of the workweek reduction through ratifying the MOU. Should the Legislature determine that these concerns require a more cautious approach to adopting this substantial operational change with myriad impacts at this time, the LAO recommends it consider deferring approval of funding for the workweek reduction to a future year. (In practice, this would mean rejecting the proposal without prejudice in 2024-25.) This option would provide the Legislature with the flexibility to sustain its long-term commitment to the goals of addressing firefighter health and wellness, but also account for the state's current fiscal realities. The Legislature could then reevaluate the concept of implementing the 66-hour workweek change in the future when the state's budget condition improves.

Delaying implementation also could offer other benefits, including providing additional time for the Legislature to consider potential modifications to the proposal (such as alternative ways to address the Fire Captain pipeline challenges) and to gather information on the possible indirect implications (such as on contracts with local agencies). Deferring providing funding now also could allow the forthcoming collective bargaining process to consider changes—which is unlikely to occur if the Legislature proceeds with appropriating the funding in 2024-25. The administration could come back to the Legislature sometime after the next round of MOU negotiations—such as in 2025-26 or a future year—with a similar or revised implementation proposal as part of a future MOU. This revised MOU could, for example, incorporate various details that have yet to be bargained so it better reflects the totality of the change. The negotiations also could revisit other potential options for reducing the workweek, such as using other approaches to improve the pipeline to high-level positions instead of substantially increasing the share of Fire Apparatus Engineer positions. The Legislature could then consider whether to approve a revised MOU and fund the change to a 66-hour workweek when the administration presents them to the Legislature again.

...And Consider Other Options for Addressing Firefighter Wellness Concerns. If the Legislature were to defer action on the proposed workweek change, we recommend it explore supporting other, less costly, steps to address concerns about firefighter health and wellness in the interim. For example, some changes the Legislature could consider include (1) various options for expanding existing health and wellness programs at CalFire to ensure that firefighters receive adequate professional support when they experience times of crisis, (2) policies to reduce the number of hours firefighters work in the offseason and/or the number of hours firefighters work per shift during severe wildfires, and (3) additional support for projects to improve forest conditions and make the state's landscapes more resilient to the catastrophic fires that impose the most strain on firefighters. The Legislature also could consider providing a small amount of dedicated funding to support independent research to better understand the scope of problems with health and wellness among CalFire firefighters, such as the underlying causes and most promising approaches for cost-effective solutions. Such research could help inform future decisions regarding whether reducing CalFire's workweek is the optimal approach to improving firefighter health and wellness.

If Legislature Wants to Proceed With Implementation This Year, Consider Adding Reporting Language. If the Legislature determines that reducing CalFire's workweek is among its highest priorities for the General Fund this year, the LAO recommends it adopt provisional budget bill language requiring the administration to track the wildfire resilience co-benefits of the proposal—including the time firefighters spend on wildfire resilience work and the amount of resilience work completed by CalFire's firefighters—and to report this information on an annual basis to the Legislature. Such an annual report would provide important information to help the Legislature assess how the newly approved personnel are being used and ensure that they are maximizing the wildfire resilience co-benefits that can be achieved. (While the LAO thinks this information would be particularly important if the Legislature significantly expands CalFire staffing, the Legislature may want to consider requiring

such a report regardless of its action on this proposal, as it also could help improve overall understanding of wildfire resilience co-benefits achieved by existing wildfire response staff.)

Staff Recommendation. Hold open.