

California State Assembly



Agenda

Assembly Budget Subcommittee No. 4 on Climate Crisis, Resources, Energy, and Transportation

Assemblymember Steve Bennett, Chair

Wednesday, April 3, 2024
9:30 A.M. – State Capitol, Room 447

Items To Be Heard		
Item	Description	Page
0540	California Natural Resources Agency Secretary	3
3480	California Department of Conservation	
3540	California Department of Forestry and Fire Protection (CalFire)	
Issue	1. CNRA Departments – General Fund Solutions Update	3
0650	Office of Planning and Research	16
Issue	2. General Fund Solutions Update – Climate Package Only	16
3540	California Department of Forestry and Fire Protection (CalFire)	19
Issues	3. 66 Hour Work Week Proposal	19
	4. Various CalFire Capital Outlay and Facility-Related Proposals	39
3340	California Conservation Corps	47
	5. Residential Center, Auberry: New Residential Center	47

Non-Presentation Items: Staff have suggested the following items do not receive a formal presentation from the Administration in order to focus time on the most substantial proposals. Members of the Subcommittee may ask questions or make comments on these proposals at the time designated by the Subchair or request a presentation by the Administration at the discretion of the Subchair. Members of the public are encouraged to provide public comment on these items at the designated time.

Non-Presentation Calendar		
Item	Description	Page
0540	California Natural Resources Agency	49
Issues	6. Natural Resources Agency Bond and Technical Proposals	49
	7. Natural Resources Agency Campus Relocation and Consolidation Phase 2	49
	8. Tahoe Climate Adaptation Environmental Monitoring	49
	9. Tribal Nature-Based Solutions: Temporary Help Position Conversion	50
3340	California Conservation Corps	50
Issues	10. Energy Corps Resources	50
	11. Nonresidential Center, Wilderness and Watersheds Restoration District: Acquire Existing Nonresidential Facility	50
	12. Residential Center, Camarillo: Fitness, Fire Readiness, and Health and Safety	50
3480	California Department of Conservation	51
Issues	13. Division of Administration Distributed Funding Reconciliation	51
	14. Improving California’s Response to the Environmental and Physical Safety Hazards Caused by Abandoned Mines	51
	15. Plugging and Well Remediation	51
	16. California Geologic Energy Management (CalGEM) Division: Mission Transformation and Oversight	52
3540	California Department of Forestry and Fire Protection	52
Issue	17. Assistance by Hire Reimbursement Adjustments	52

Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee.

Items To Be Heard

0540 California Natural Resources Agency Secretary
3480 California Department of Conservation
3540 California Department of Forestry and Fire Protection (CalFire)

Issue 1: CNRA Departments – General Fund Solutions Update

The 2021 and 2022 Budget Acts committed approximately \$3.3 billion over five years in the climate package to the Secretary of the Natural Resources Agency, the Department of Conservation, and CalFire.

Among the various subcategories of the climate package, the Wildfire and Forest Resilience package included \$2.8 billion over four years—2020-21 through 2023-24. Roughly 40 percent of the funding over the four years—\$1.1 billion—was for programs designed to promote healthy forests and landscapes, generally by removing hazardous fuels. Just over one-quarter of the funding—\$766 million—was to support the installation and maintenance of wildfire fuel breaks. The remaining funds—totaling \$909 million—were for projects to increase regional capacity for conducting forest health projects, as well as to encourage forest-sector economic stimulus, science-based forest management, and community hardening. Of the \$2.8 billion total, \$2.1 billion was from the General Fund and the remaining \$755 million was from Greenhouse Gas Reduction Fund (GGRF).

For these three departments, the Governor’s 2024-25 Budget proposes approximately \$143 million in budget solutions from the climate package, which include reductions, fund shifts, and delays. These solutions fall across the various sub categories of the climate package such as Wildfire and Forest Resilience, Nature-Based Solutions, Extreme Heat, Coastal Resilience, and Climate Jobs.

For Wildfire and Forest Resilience, the Governor’s 2024-25 budget would lower General Fund spending by \$101 million across the seven programs, while retaining a total of \$2.7 billion for wildfire and forest resilience (95 percent of the original funding provided). In general, the proposed reductions will result in fewer projects being undertaken by each program.

Reductions:

Department	Program	Reduction	Reduction Detail	Total Net Appropriation ¹	Percent Reduction
Natural Resources Agency Secretary	Redondo Beach Wetlands Restoration	\$10 million	\$10 million from 22-23	\$10 million	100%

¹ This total includes reductions approved in the 23-24 budget

Natural Resources Agency (Ocean Protection Council)	Ocean Protection	\$35 million	\$35 million from 23-24	\$100 million	35%
Natural Resources Agency (Ocean Protection Council)	Ocean Protection (SB 1 Implementation)	\$25 million	\$25 million from 23-24 (note the fund shift of \$36.8 million to GGRF below)	\$102 million	24%
Department of Conservation	Biomass to Hydrogen/ Biofuels Pilot	\$43.5 million	\$43.5 million from 2022-23	\$50 million	87%
CalFire	Prescribed Fire & Hand Crews	\$5.3 million	\$5.3 million from 2020-21	\$134 million	4%
CalFire	Forest Legacy	\$3.6 million	\$3.6 million from 23-24	\$49 million	7%
CalFire	Interagency Forest Data Hub	\$2.9 million	\$2.9 million from 21-22	\$10 million	29%
CalFire	Monitoring and Research	\$5.7 million	\$5.7 million from 23-24	\$38 million	15%
CalFire/OES	Home Hardening	\$12 million	\$12 million from 23-24	\$50 million	24%

Delays/ Fund Shifts:

Department	Program	Fund Shift/Delay	Fund Shift/Delay Detail	Total Net Appropriation²	Percent Reduction
Natural Resources Agency	Urban Greening	\$23.8 million delay and fund shift	\$23.8 million from 22-23 delayed to 24-25 (GF to GGRF)	\$75 million	70%
Department of Conservation	Oil and Gas Well Capping	\$50 million delay and fund shift	\$50 million from 23-24 delayed to 24-25 (GF to GGRF)	\$100 million	N/A, full amount retained
Department of Conservation	Regional Fire and Forest Capacity	\$20 million delay and fund shift	\$20 million from 23-24 delayed to 24-25 (GF to GGRF)	\$150 million	N/A, full amount retained
CalFire	Cal Fire Unit Fire Prevention Projects	\$26 million delay and fund shift	\$6 million in 22-23 and \$20 million in 23-24 delayed to 24-25 (GF to GGRF)	\$90 million	N/A, full amount retained
CalFire	Fire Prevention Grants	\$82 million fund shift	\$82 million fund shift only from GF to GGRF	\$475 million	N/A, full amount retained

² This total includes reductions approved in the 23-24 budget

Below are descriptions of the programs that have associated General Fund budget solutions:

- **Wetlands Restoration at Redondo Beach.** The original package provided \$10 million for CNRA to provide funding to the City of Redondo Beach to purchase a former power plant site on which the city would like to develop a regional park and restore historic wetlands. CNRA indicates that the city intended to use the funds to bid on the property at auction after the resolution of legal matters that are still pending. If the funding is eliminated as proposed, the city may not have sufficient funds to acquire the property, however, the timing of when the city might need the funds still is uncertain.
- **Ocean Protection.** The original appropriation provided \$100 million over two years (2022-2023 and FY 2023-2024) to the Ocean Protection Council (OPC) for resilience projects that conserve, protect, and restore marine wildlife and healthy ocean and coastal ecosystems. The budget proposes to reduce funding by \$35 million, retaining \$65 million (\$50 million in 2022-23 and \$15 million in 2023-24). Of the 2022-23 funds maintained, nearly \$35 million are already committed for state administration and projects to advance ocean and coastal conservation, protection, and restoration. This proposed solution will limit funding for monitoring, research, and habitat protection projects.
- **Ocean Protection (SB 1 Implementation).** The original appropriation provided \$37.5 million in Greenhouse Gas Reduction Funds (GGRF) and \$54.5 million in General Funds to support the implementation of Chapter 236, Statutes of 2021 (SB 1, Atkins), which requires OPC to administer grants to local and regional governments to complete sea level rise adaptation plans and implement adaptation projects along the coast and shoreline of the San Francisco Bay. The budget proposes to reduce funding in 2023-24 by \$51.8 million and shift \$36.8 million from the General Fund to the Greenhouse Gas Reduction Fund (GGRF) in 2024-25, which is an overall reduction of \$25 million. The grant program has launched, including technical assistance to support applicants in accessing available funds. The proposed budget solution will result in fewer awards to provide local assistance to local and regional governments to prepare for sea level rise.
- **Forest Legacy Program.** This program funds conservation grants and easements with private landowners to protect forest land from conversion to non-forest uses and to support good management practices. The budget proposes to reduce funding by \$4 million, retaining \$45 million.
- **Prescribed Fire and Hand Crews.** This funding supports the California Department of Forestry and Fire Protection (CalFire) fuels reduction crews, as well as a CalFire contract with the California National Guard to perform vegetation management work. The costs of the National Guard crews ultimately were paid by the federal government, resulting in savings. The budget proposes to reduce funding by \$5 million, retaining \$129 million.
- **Biomass to Hydrogen/Biofuels Pilot.** This funding was for a pilot administered by the Department of Conservation (DOC) aimed at creating hydrogen and/or liquid fuel from forest biomass. The budget proposes to reduce funding by \$43.5 million (retaining

\$6.5 million). The retained funding has already been used for a first round of planning grants for project developers and DOC’s administrative activities. The proposed reduction will mean that DOC will not move forward with an originally planned second round of grant funding, which had been expected to support the implementation of pilot projects.

- **Monitoring and Research.** This funding was to support various efforts—including by CalFire as well as universities and other researchers—to improve knowledge of forest conditions and the effectiveness of different practices to reduce the risk of wildfire spread or damage. The budget proposes to reduce funding by \$6 million, retaining \$32 million.
- **Interagency Forest Data Hub.** This funding was to create an Interagency Forest Data Hub. The budget proposes to reduce funding by \$3 million, retaining \$7 million.
- **Home Hardening.** This funding was provided to implement the wildfire mitigation assistance pilot program authorized by Chapter 391 of 2019 (AB 38, Wood), providing grants to homeowners in certain vulnerable communities for retrofits aimed at improving resilience to wildfires. The budget proposes to reduce funding by \$12 million, retaining \$38 million. The proposed reduction would mean fewer homes and communities would be included in the pilot.

Governor’s Proposed Changes to Wildfire and Forest Resilience Package

General Fund Unless Otherwise Noted (In Millions)

Program	Department	Original Multiyear Total ^a	Revised Multiyear Total ^b	Proposed Reductions	Proposed Multiyear Total ^f
Resilient Forests and Landscapes		\$1,139	\$1,114	\$4	\$1,110
Forest Health Program	CalFire	\$555 ^c	\$555 ^c	—	\$555 ^c
Stewardship of state-owned land	Various	305	280	— ^e	280 ^c
Post-fire reforestation	CalFire	100	100	—	100
Forest Improvement Program	CalFire	75 ^c	75 ^c	—	75 ^c
Forest Legacy Program	CalFire	49 ^c	49 ^c	\$4	45 ^c
Tribal engagement	CalFire	40	40	—	40
Reforestation nursery	CalFire	15	15	—	15
Wildfire Fuel Breaks		\$766	\$766	\$5	\$761
Fire prevention grants	CalFire	\$475 ^c	\$475 ^c	— ^e	\$475 ^c
Prescribed fire and hand crews	CalFire	134 ^c	134 ^c	\$5	129 ^c

CalFire unit fire prevention projects	CalFire	90	90	— ^e	90 ^c
Forestry Corps and residential centers	CCC	67 ^c	67 ^c	—	67 ^c
Regional Capacity		\$528	\$528	\$28	\$500
Conservancy projects	Various Conservancies	\$378	\$378	\$28	\$350
Regional Forest Capacity Program	DOC	150	150	— ^e	150 ^c
Forest Sector Economic Stimulus		\$170	\$153	\$44	\$110
Workforce training grants	CalFire	\$54	\$53 ^d	—	\$53
Biomass to hydrogen/biofuels pilot	DOC	50	50	\$44	7
Climate Catalyst Fund Program	IBank	49	33	—	33
Transportation grants for woody material	CalFire	10	10	—	10
Market development	OPR	7	7	—	7
Science-Based Management and Other		\$120	\$120	\$9	\$111
Monitoring and research	CalFire	\$38	\$38	\$6	\$32
Remote sensing	CNRA	30	30	—	30
Prescribed fire liability pilot	CalFire	20	20	—	20
Permit efficiencies	CARB, SWRCB	12	12	—	12
State demonstration forests	CalFire	10	10	—	10
Interagency Forest Data Hub	CalFire	10	10	3	7
Community Hardening		\$91	\$86	\$12	\$74
Home hardening	OES, CalFire	\$50	\$50	\$12	\$38
Defensible space inspectors	CalFire	25	20	—	20
Land use planning and public education	CalFire, UC ANR	16	16	—	16
Totals		\$2,814	\$2,767	\$101	\$2,666

^aBased on early action amendments to 2020-21 budget, as well as 2021-22 and 2022-23 budget agreements.

*Based on 2023-24 budget agreement.

*Includes Greenhouse Gas Reduction Fund (GGRF).

*Reflects a reduction of \$15 million dollars of General Fund, partially offset by \$14 million in Proposition 98 General Fund.

*Includes a proposed fund shift to GGRF.

*In addition to the amounts displayed, the Governor would continue to maintain the statutory continuous appropriation of \$200 million annually GGRF from 2024-25 through 2028-29 to support wildfire and forest resilience.

CalFire = California Department of Forestry and Fire Protection; CCC = California Conservation Corps; DOC = Department of Conservation; IBank = California Infrastructure and Economic Development Bank; OPR = Governor’s Office of Planning and Research; CNRA = California Natural Resources Agency; CARB = California Air Resources Board; SWRCB = State Water Resources Control Board; OES = Governor’s Office of Emergency Services; and UC ANR = University of California Agriculture and Natural Resources.

All new, one-time appropriations from budgets 2021-2023 to CalFire, Department of Conservation, and the Natural Resources Agency

The following one-time, discretionary appropriations in the list below were made in past years’ budgets outside of the climate package.

Members of this subcommittee may wish to consider asking questions regarding implementation status and could consider cutting these appropriations to help address the deficit to the extent that funds remain.

California Natural Resources Agency Secretary

2021-22

- \$209 million for specific local projects identified in a budget control section.
- \$50 million for the Museum Grant Program.
- \$27.5 million to convert a parking lot in the Presidio in San Francisco into parkland.
- \$10 million for the Museum of Tolerance.
- \$2.5 million for the Holocaust Museum.
- \$2 million for the Ocean Protection Council’s Marine Mammal Center.

2022-23

- \$139 million for specific local legislative priority projects in a budget control section (and \$5 million for administrative costs).
- \$40 million to support rebuilding several Jewish summer camps that were damaged by wildfires.
- \$10 million for the Recreational Trails and Greenways Program (originally \$35; reduced by \$25 million in 2023-24).

- \$23 million to rehabilitate and improve the National Park Service’s John Muir Trail.
- \$18.3 million for the first phase of a new California Climate Information System.
- \$10 million for the Armenian American Museum.
- \$10 million for the Ocean Science Center Trust.
- \$7 million for the Marine Mammal Stranding Network for equipment upgrades.
- \$6.6 million for the San Francisco greenhouse project, which would help acquire a property to be developed into an urban agricultural hub.
- \$5 million for specific local legislative priority projects in a budget control section.
- \$5 million for the Museum of Tolerance.
- \$1.6 million for the Allensworth Civic and Entrepreneurship Center.
- \$510,000 for the San Francisco Historical Society Museum.

2023-24

- \$100 million for specific local legislative priority projects in a budget control section.
- \$10 million for the Museum of Latin American Art in Los Angeles.
- \$9.5 million to support the creation of an Intertidal Biodiversity Deoxyribonucleic Acid Barcode library.
- \$7 million to support the creation of a Dolores Huerta Peace and Justice Cultural Center in Bakersfield.
- \$5 million to support a Land Conservation and Economic Development Plan for Diablo Canyon pursuant to Chapter 239 of 2022 (SB 846, Dodd).
- \$2.1 million for the Museum of Tolerance.
- \$1.5 million for the Women's 20th Century Club located in Los Angeles.

California Department of Forestry and Fire Protection**2021-22**

- \$67.5 million for various capital outlay projects.
- \$37 million for deferred maintenance (originally \$50 million; reduced by \$13 million in 2023-24).
- \$38.9 million to augment fire protection resources from July through December 2021.
- \$9.7 million in 2021-22, \$8 million in 2022-23, and \$5 million in 2023-24 for aviation contracts.
- \$5 million for a grant to California State University, San Marcos to study enhanced firefighting equipment and strategies to protect firefighters from the conditions present during wildfires.

- \$3.2 million to implement ember-resistant zone requirements per Chapter 259, Statutes of 2020 (AB 3074, Friedman).
- \$1.1 million in 2021-22, and \$820,000 in 2022-23 and 2023-24 to develop, implement, and maintain a telematics program.

2022-23

- \$188 million to purchase various types of reserve equipment, including four fire hawk helicopters, 54 fire engines, and ten dozers.
- \$100 million for urban greening at schools and childcare centers (in budget control section) and \$5 million for control section administrative costs.
- \$139.5 million for various capital outlay projects.
- \$83 million to augment fire protection resources from July through December 2022.
- \$55.6 million for one-time portion of a proposal to support CalFire staffing to support California Conservation Corps and California Military Department fire crews (in addition, proposal also included ongoing costs of roughly \$50 million).
- \$15.7 million for purchase of equipment for training centers.
- \$60,000 for curriculum development related to helping livestock producers comply with the requirements of Chapter 609 of 2021 (AB 1103, Dahle).

2023-24

- \$116 million to augment fire protection resources on a limited-term basis in 2023-24.
- \$25.7 million for various capital outlay projects.
- \$1.3 million for specific local projects identified in a budget control section.

Department of Conservation

2022-23

- \$50 million for the department’s California Geologic Energy Management (CalGEM) Division to plug wells and decommission facilities.

2023-24

- \$50 million for the department’s California Geologic Energy Management (CalGEM) Division to plug wells and decommission facilities. (Note: The Governor’s budget proposes to shift the funding from General Fund to GGRF and delay the funding until 2024-25.)

Panel

- Bryan Cash, Assistant Secretary for Administration and Finance, California Natural Resources Agency
- Jenn Eckerle, Deputy Secretary for Ocean & Coastal Policy, California Natural Resources Agency
- Elizabeth Betancourt, Natural and Working Lands Policy Advisor, Department of Conservation
- Doug Ito, State Oil and Gas Supervisor, Department of Conservation
- Keali'i Bright, Assistant Director, Department of Conservation
- Frank Bigelow, Deputy Director for Community Wildfire Preparedness & Mitigation and Fire Engineering & Investigation Divisions, Department of Forestry and Fire Protection
- Matthew Reischman, Deputy Director for Resource Management, Department of Forestry and Fire Protection
- Jamie Gonsalves, Finance Budget Analyst, Department of Finance
- Vy Nguyen, Principal Program Budget Analyst, Department of Finance
- Lizzie Urie, Principal Program Budget Analyst, Department of Finance
- Erin Carson, Staff Finance Budget Analyst, Department of Finance
- Zach Lierly, Principal Program Budget Analyst, Department of Finance
- Helen Kerstein, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Luke Koushmaro, Senior Fiscal and Policy Analyst, Legislative Analyst's Office

LAO Comments**Wildfire and Forest Resilience:**

LAO Comments: Legislature Still Has a Few Potential Alternative and/or Additional Reductions It Could Make to Unspent Current- and Prior-Year Funds. The Legislature has a few other options that it could consider in addition to or in place of the Governor's proposed solutions. For example, the Legislature could replace some or all of the proposed fund shifts with reductions, which would make additional GGRF available for other critical legislative priorities.

Additionally, the Legislature could consider (1) making reductions to programs that have significant uncommitted balances but are not included in the Governor's proposed solutions and/or (2) increasing the size of the reductions to certain programs beyond what the Governor proposes to capture the full uncommitted balance. Some potential options for these types of additional solutions include:

- ***Tribal Engagement (\$22 Million).*** This program supports tribes in the planning and implementation of projects that advance wildfire resilience, forest health, and cultural use of fire. It has an uncommitted balance of \$22 million General Fund, almost all of which is currently anticipated to be awarded sometime in summer 2024.

- **Forest Improvement Program (\$22 Million).** This program provides financial assistance to private, nonindustrial forestland owners under cost-share agreements. This program has an uncommitted balance of roughly \$22 million (\$20 million of which is General Fund and \$2 million of which is GGRF). Of this total, CalFire plans to award an \$8 million block grant by April 2024 to allow partner organizations to offer similar assistance outside of the Forest Improvement Program. CalFire expects to award the remaining funding through its typical rolling solicitation process, which provides awards of a couple of million dollars every two months. The Legislature could consider reducing funding for this program, with the amount available for generating savings dependent on when the Legislature acts.
- **Prescribed Fire and Hand Crews (\$31 Million GGRF).** In addition to the \$5 million in uncommitted General Fund that the Governor proposes reducing, the program currently has roughly \$31 million of uncommitted GGRF from prior appropriations. The Legislature could consider also reducing these funds and redirecting them to offset other General Fund costs. If it were to reduce funds for this program, CalFire would have less funding for fuel reduction work and research grants. We note that if the Legislature is interested in reducing the portion of this funding that CalFire uses for research grants (\$4.5 million), taking early action would be important to reduce disruptions given the department plans to make those awards in May 2024.
- **Home Hardening Program (\$13 Million).** This program has faced various implementation challenges and as such has roughly \$25 million of General Fund that has not yet been committed. Accordingly, in addition to the Governor's proposed \$12 million reduction, the Legislature could consider capturing an additional \$13 million in General Fund savings. A reduction to the funding for the program would result in fewer homes and communities being included in the pilot.

Nature Based Solutions:

LAO Comments: Legislature Could Consider Alternative and/or Additional Reductions From Unspent Current- and Prior-Year Funds. Based on our review of expenditure data, we estimate that about \$400 million remains uncommitted from various prior- and current-year nature-based activity-related program appropriations that the Governor does not propose reducing. Given the significant amount of uncommitted funding in this area, to the extent the Legislature needs to identify alternative and/or additional solutions, it has multiple options to consider. Some examples include:

- **CNRA's Tribal Nature-Based Solutions Program (\$97 Million).** This is a new program aimed at helping facilitate access, co-management, and ancestral land return. While providing funding to support tribes has merit in light of historical injustices, only about \$3 million of the \$100 million provided in 2022-23 or 2023-24 has been committed. Thus, the remaining \$97 million could potentially be considered for reduction given the severity of the state's budget problem. We note, however, that the administration indicates that it expects to make awards as soon as April 2024, so should the Legislature want to consider reducing the funding, it would be advisable to take early action. (We note that the budget also proposes to convert a temporary staff position that supports this program to permanent status. Should

the program be eliminated, that position would no longer be needed, resulting in a small amount of ongoing savings.)

- **Climate Smart Land Management Program (\$7.5 Million).** This is a new program administered by DOC that aims to increase the capacity of state partners to support natural working lands and 30x30 goals. Roughly \$7.5 million of the \$16 million originally provided for this program remains uncommitted and DOC does not anticipate making awards until June or July 2024. Given the condition of the General Fund, the Legislature could make further reductions and use the first round of funding as a more limited pilot. It could then evaluate the outcomes of that funding before deciding whether it is worthy of future support.

Extreme Heat:

LAO Comments: Legislature Could Capture Additional Savings by Reducing Rather Than Shifting Funds. Through a combination of reductions and fund shifts, the Governor's proposal eliminates nearly all of the uncommitted General Fund that was included as part of the extreme heat package. However, the Legislature could modify a couple of proposed solutions to further help the General Fund condition.

- **Urban Greening Program (\$24 Million).** Due to the proposed fund shift, the administration has paused evaluation of grant requests for this program. Because the funding has not yet been committed, the Legislature could consider reducing the funding rather than shifting it to GGRF. Doing so would free up GGRF that the Legislature could then use to backfill additional General Fund reductions elsewhere.

Coastal Resilience:

LAO Comments: Proposal Eliminates Nearly All Unspent Coastal Funding. The Governor's proposal would reduce a significant share (49 percent) of funding from the coastal resilience package—proportionally more than any other of the thematic packages. One rationale for this approach is that a significant amount of SCC's funding has not been spent, making it easier to pull back to help solve the state's significant budget deficit without halting particular projects or renegeing on specific spending commitments. We note that a key reason this magnitude of funding still is available is because the Governor had proposed reducing it in the 2023-24 budget, not because there is a lack of activities to pursue. During budget negotiations—which lasted through June 2023—SCC could not make plans to spend funds that might not materialize. The funds ultimately were restored in the final budget agreement because the Legislature viewed these activities as significant priorities. However, given that the funds have not yet been awarded for specific projects, approving these proposed reductions likely would be less disruptive than other alternatives the Legislature may have to consider. In addition, based on our review of expenditure data, OPC has about \$20 million in uncommitted funds that the Legislature also could consider reducing.

Staff Comments

The Subcommittee may wish to ask the following questions:

General:

1. What criteria did the administration use to determine which programs were eligible for fund shifts from GGRF to General Fund?
2. What criteria did the administration use to determine what is within the climate package and what is not?

CNRA:

3. Can you share more details about the legal dispute surrounding the proposed Redondo Beach Wetlands Restoration site?
4. Why is the timing for the use of these funds uncertain?

CalFire:

5. AB 203 (2022), per PRC Section 4137, requires CalFire to develop a standardized protocol for monitoring implementation and evaluating the impacts of vegetation management projects.
 - a. What is the status of implementing this standardized protocol monitoring and evaluating the impacts for vegetation management projects?
 - b. Are there any obstacles that the department is facing to completing this statutory requirement?
 - c. Does the reduction in funding for monitoring and research impact your ability to fulfill the requirements under PRC Section 4137?
 - d. Have you completed this year's report related to PRC Section 4137?
6. Besides the size and destruction of fires, what metrics can be used to verify the effectiveness of wildfire prevention and vegetation management activities and funding?
7. Can the department provide more details about the implementation challenges in regards to the Home Hardening program?

Department of Conservation:

8. Because there will no longer be a second phase of grant awards under the biomass to hydrogen program, are there other funding opportunities grantees can take advantage of to implement the projects developed under the first round of funding?

Staff Recommendation: Hold Open.

0650 Office of Planning and Research

Issue 2: General Fund Solutions Update – Climate Package Only

The 2021 and 2022 Budgets included notable one-time funding to the Office of Planning and Research a part of the climate packages. These investments encompass over \$480 million to address wildfires, extreme heat, and fortify communities against the impacts of other climate change impacts.

The 2024-25 Governor’s budget includes \$190 million in reductions and/or delays to OPR’s climate investments.

Recent Budget Agreements Included New Focus on Extreme Heat. The past few years represent the first time the state provided significant funding explicitly to mitigate the impacts of extreme heat—originally planned for a total of \$649 million from 2020-21 through 2023-24 (\$634 million General Fund and \$15 million GGRF).

OPR received only a portion of funding dedicated to extreme heat; however, it was the only department that received funding for the creation of a new program - Extreme Heat and Community Resilience program which is aimed at boosting community-level preparation.

Program	Reduction	Reduction/Fund Shift Detail	Total Net Appropriation ³	Percent Reduction
Extreme Heat and Community Resilience	\$ 40.1 million (net reduction when factoring in fund shift)	\$110.1 million reduction from 23-24 \$70 million fund shift from GF to GGRF in 24-25	\$175 million	23%
Climate Adaptation and Resilience Planning Grants	\$5 million	\$5 million from 23-24	\$25 million	20%
Regional Climate Resilience	\$75 million	\$25 million from 23-24, and \$50 million from 24-25	\$100 million	75%

Panel

- Henry Ng, Staff Finance Budget Analyst, Department of Finance
- Emma Jungwirth, Assistant Program Budget Manager, Department of Finance
- Russ Fong, Undersecretary, Office of Planning and Research

³ This total includes reductions approved in the 23-24 budget

- Abby Edwards, Deputy Director for Climate and Planning Programs, Office of Planning and Research
- Ena Lupine, Community Assistance for Climate Equity Program Manager, Strategic Growth Council
- Luke Koushmaro, Senior Fiscal and Policy Analyst, Legislative Analyst's Office

LAO Comments

LAO Comments: Legislature Could Capture Additional Savings by Reducing Rather Than Shifting Funds. Through a combination of reductions and fund shifts, the Governor's proposal eliminates nearly all of the uncommitted General Fund that was included as part of the extreme heat package. However, the Legislature could modify a couple of proposed solutions to further help the General Fund condition.

- **Extreme Heat and Community Resilience Program (\$95 Million).** None of the funding for this program has yet been committed. OPR plans to award \$20 million during a first round of grant funding sometime this summer. Given the budget condition, in addition to the Governor's proposed \$40 million reduction and in lieu of the proposal to shift \$70 million to GGRF in 2024-25, the Legislature could consider eliminating all funding for the program. Doing so would save an additional \$25 million General Fund and also free up \$70 million in GGRF that could be used to backfill additional General Fund reductions elsewhere.

LAO Comments: Proposal Captures Most Remaining General Fund but Legislature Could Consider Other Possible Solutions. Based on our review of expenditure data, some additional funding in the community resilience package remains uncommitted and could be considered for reductions. These include:

- **Climate Adaptation and Resilience Planning Grants (\$10 Million).** Only \$10 million of the \$25 million provided for this program has been committed to date. While the Governor proposes reducing associated funding by \$5 million, an additional \$10 million would remain uncommitted. The administration currently is finalizing its guidelines for the next round of grants and expects to close applications and begin making awards in late spring or early summer.

Staff Comments

The Subcommittee may wish to ask the following questions:

1. The Regional Climate Resilience program originally received \$250 million. This was reduced to \$100 million in 23-24. It is now reduced to \$25 million, a 90% cut from its original appropriation.
 - a. Given that the administration is proposing to maintain 10% of the original funding for this program, can the department explain what the intent of this funding was for?

- b. How did that change as program development commenced?
 - c. Has the remaining \$25 million been committed?
2. Applications are due for the extreme heat and community resilience program in April. Is that correct?
 3. Did the department face challenges developing this program?
 - a. If yes, what were those challenges?
 4. Given that this is the first time the State has provided funding to address the impacts of extreme heat, what evaluation and reporting requirements has the department developed to measure the success of this program?
 5. Extreme heat impacts are being tackled by multiple departments. How are departments communicating with one another on these complementary efforts?

Staff Recommendation: Hold open.

3540 California Department of Forestry and Fire Protection (CalFire)

Issue 3: 66-Hour Workweek

This summary is excerpted from the LAO's CalFire – Implementation of a 66-Hour Workweek Report. To read the full report visit, <https://lao.ca.gov/Publications/Report/4886>.

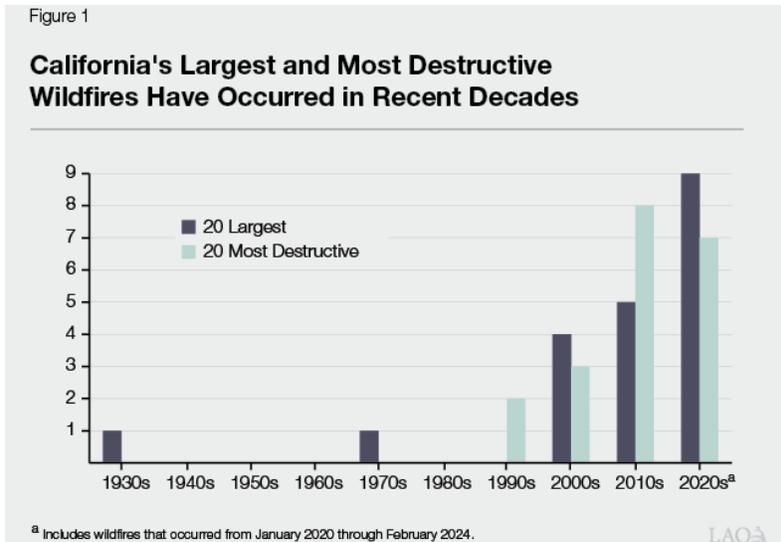
The Governor's budget requests \$199 million (\$197 million from the General Fund) and 338 positions in fiscal year 2024-25 to begin implementing a shift to a 66-hour workweek as contemplated in the 2022 Memorandum of Understanding (MOU) with Unit 8 (CalFire Local 2881). The costs of the proposal would 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.

Background:

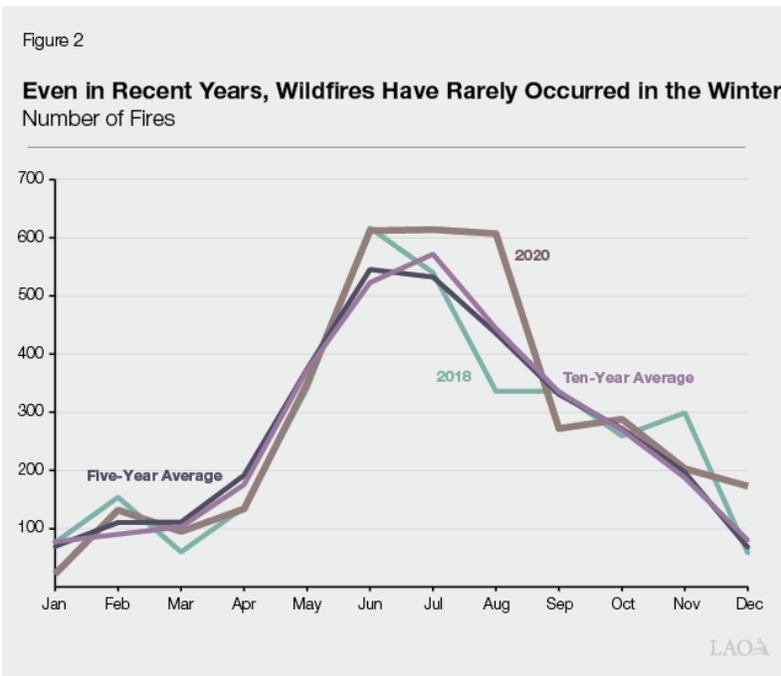
CalFire's Main Responsibilities: CalFire has primary responsibility for wildland fire response in State Responsibility Areas, which are mostly privately owned wildlands that encompass about one-third of the acreage of the state. The federal government is responsible for wildland fire response on federal 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.

Trends in Wildfires and CalFire's Budget

As Figure 1 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. Figure 2 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.



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

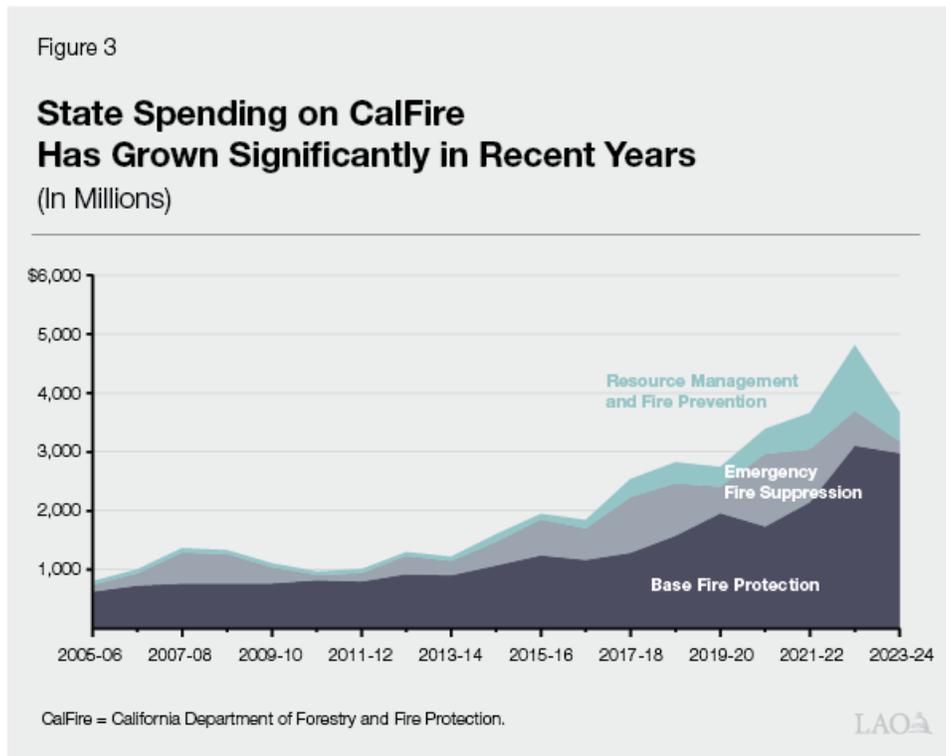
wildfires occur simultaneously as has happened in recent years. Responding to these large and severe wildfires has imposed significant burdens on firefighters—many of whom have been required to work long stretches without breaks. This, in turn, has led to concerns about the mental and physical health and wellness of the firefighters who are on the frontlines of these events.

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. 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 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 Figure 3, 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).



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.

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 workperiod.

This compensation structure results in 19 hours in a typical workweek being paid at 1.5 times an employee’s hourly rate for scheduled overtime. We estimate 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.

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”).

CalFire currently is in the process of moving towards a new standard staffing factor of 3.11, compared to a staffing factor of 2.33, 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’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.** As mentioned above, 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”).
- **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.
- **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.”

Figure 4

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

Company Officer Classifications

Other Key Firefighter Classifications



Fire Captain

- Permanent employee
- Manages 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



Fire Apparatus Engineer

- 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



Firefighter II

- 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



Firefighter I

- 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

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.

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 Chapter 250 of 2022

(AB 151, Committee on Budget). 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 we discussed in our 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, as discussed further below.

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 our office and the administration anticipate that the state faces a significant budget problem. Specifically, in January our office estimated that the Governor’s budget addressed a \$58 billion problem. More recent fiscal data we summarize in our February publication, *The 2024-25 Budget: Deficit Update*, indicate the budget outlook continues to worsen. We now estimate 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.

Governor’s Proposal

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.

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.				

Panel

- Joe Tyler, Director, Department of Forestry and Fire Protection
- George Morris III, Northern Region Chief, Department of Forestry and Fire Protection
- Stephen Benson, Assistant Program Budget Manager, Department of Finance
- Jamie Gonsalves, Finance Budget Analyst, Department of Finance
- Helen Kerstein, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

LAO Comments

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. We discuss these issues in further detail below.

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 our office analyzed the MOU, we estimated that the 66-hour workweek provision likely would be costly for the state. However, we were only able to provide a broad sense of the potential costs—which we 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, as we discuss in more detail below, 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. (As mentioned previously, 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 our office 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 our office’s projections are even worse. This revenue erosion has resulted in significant projected deficits both in the budget year and out-years, as discussed previously.

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. (We discuss these proposed solutions in greater detail in our February 2024 report, *The 2024-25 Budget: Crafting Climate, Resources, and Environmental Budget Solutions*.) Given the condition of the General Fund, we think 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, as we discuss further below.

Withholding Approval Would Preserve Legislative Flexibility to Revisit Approach. As discussed previously, 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 time line 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, as we discuss further below, 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—discussed below—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. As shown earlier in Figure 4, 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:

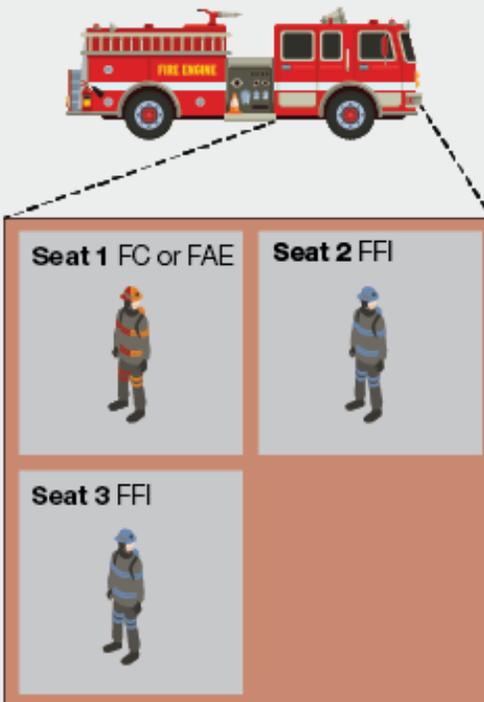
- ***Increases Share of Seats on Engines Filled by More Experienced, Year-Round Fire Apparatus Engineers.***
- ***Increases Number of Positions Hired to Cover Each Fire Apparatus Engineer Seat on an Engine***

Figure 6

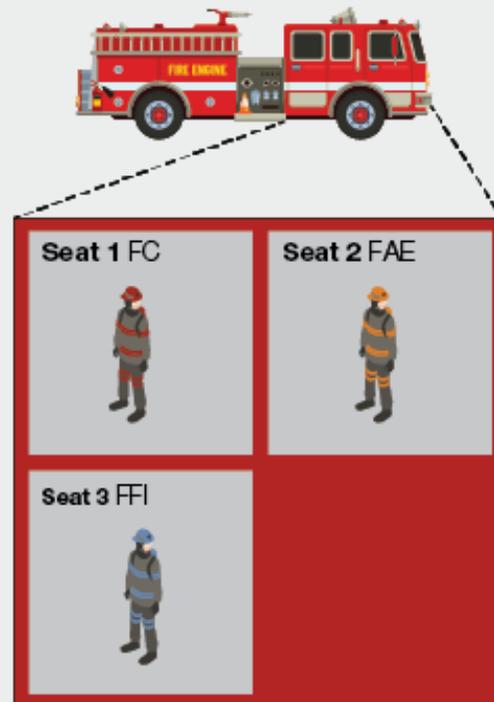
Proposal Would Change Mix of Personnel and Increase Number of Personnel Covering Each Seat on Engine

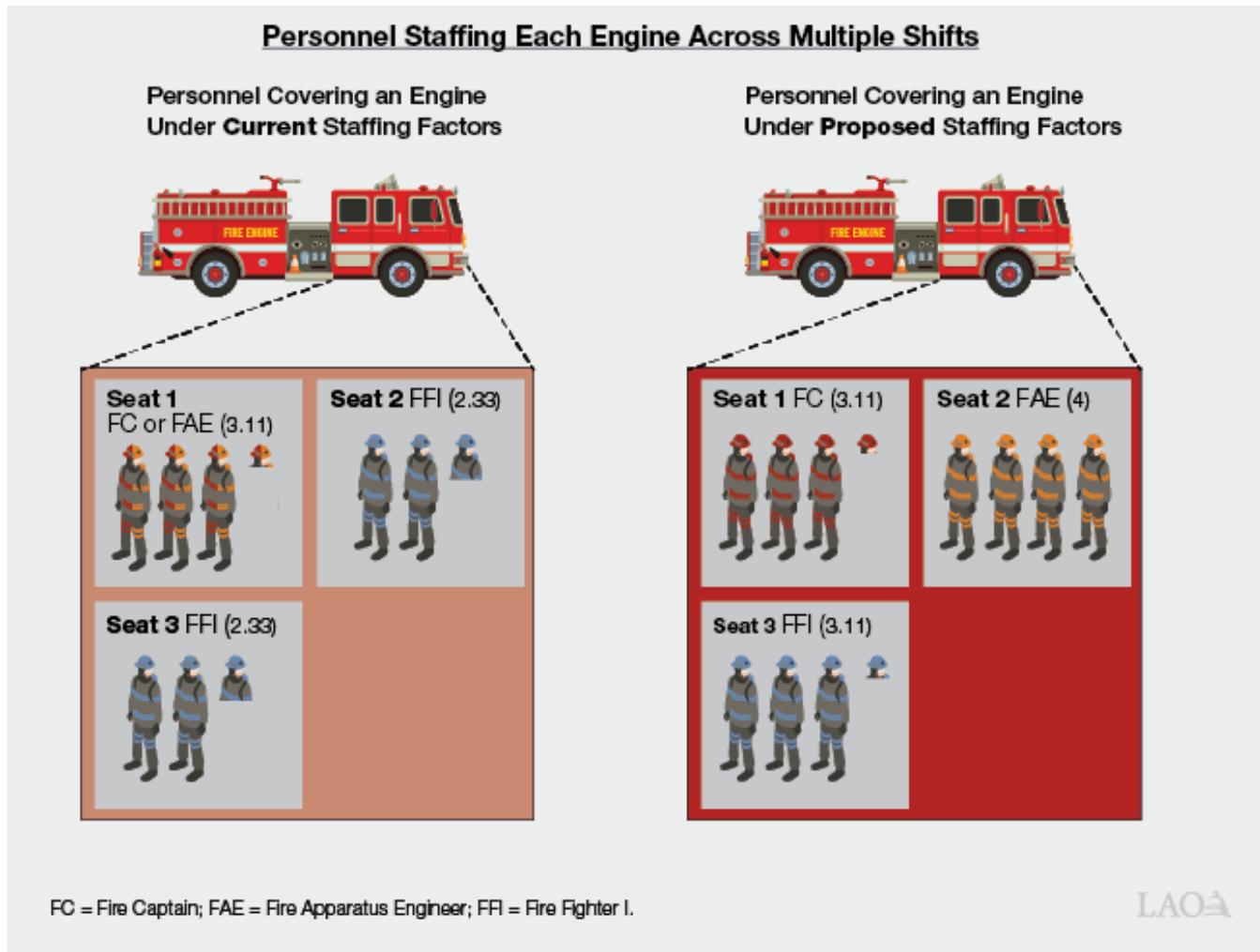
Personnel Covering Each Shift

Current Personnel Covering an Engine



Proposed Personnel Covering an Engine



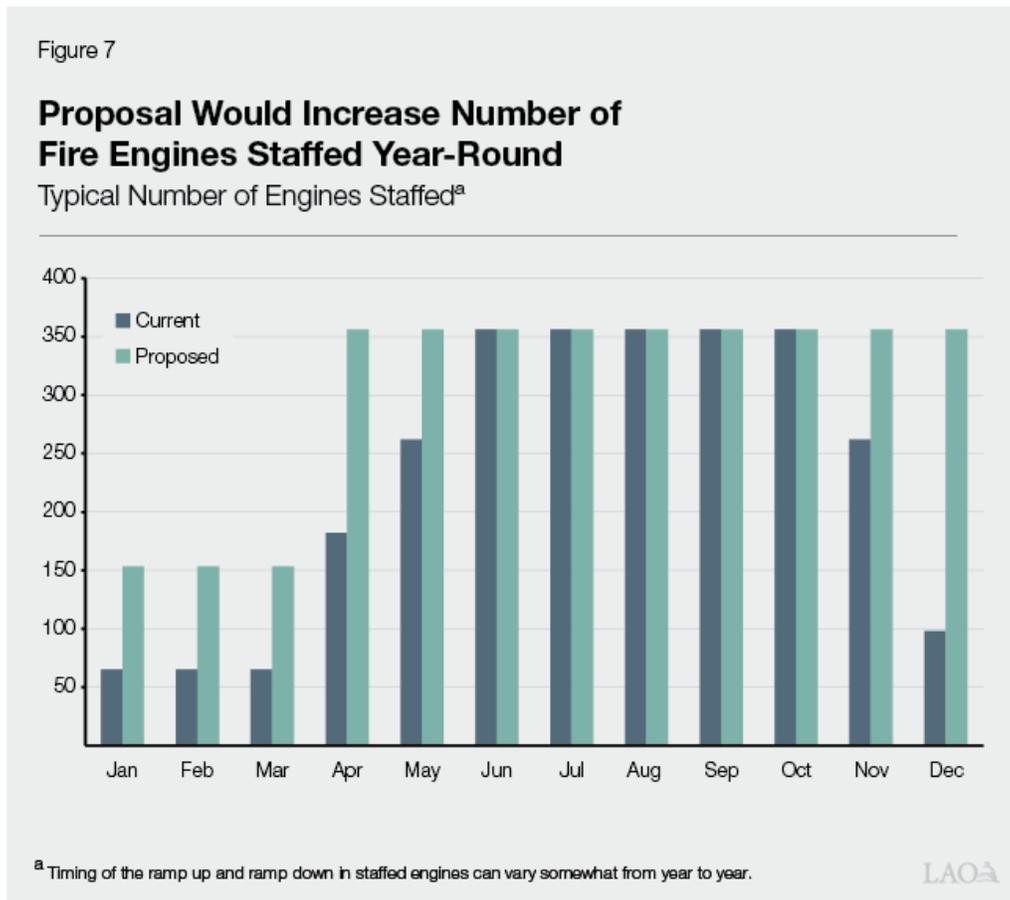


The net result of these changes is that the proposal not only increases overall CalFire staffing levels by roughly 20 percent but also makes very significant changes to the mix of personnel employed by the department. Notably, the proposal would roughly double the number of Fire Apparatus Engineers employed 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.**
- **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.



In addition to the direct impacts on CalFire operations, the workweek change could potentially have indirect impacts on CalFire and other partner agencies, many of which may not be fully understood yet. For example, currently, many local agencies have contracts with CalFire to provide local fire protection and emergency services.

Legislature Could Explore Other Options

As we discussed previously, 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.

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, we have 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).
- **Increasing Scheduled Overtime.** The Legislature could consider using scheduled overtime to meet at least some of the reduced workweek hours.
- **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. As noted above, 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.

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, we discuss how the Legislature can facilitate this objective through requiring additional tracking and reporting.

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.

Recommendations

Evaluate Whether Adopting New 66-Hour Workweek Is Affordable at This Time Given Significant General Fund Shortfall. We recommend 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. We therefore recommend 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, we recommend 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, we expect 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, we recommend 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, we recommend 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, we recommend 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 we think 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 Comments

The Subcommittee may wish to ask the following questions:

1. How much has the department's budget grown over the last five years in dollars and percentages?
2. How much would the department's budget grow in dollars and percentages if the Legislature were to approve this proposal?

3. How many new personnel has the Legislature approved over the last five years in numbers and percentage?
 - a. How does this compare to the number of personnel that would be approved under this proposal?
4. Why was a cost estimate of the 66-hour workweek not included in the MOU?
5. The LAO notes, “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.”
 - a. Why does this matter for the implementation of this proposal?
6. Can the department respond to the LAO’s alternative approaches to implementing 66-hour workweek and why the department chose their proposed approach instead?
7. How does this proposal address Firefighter fatigue and welfare?
8. How did the department determine the number of fire engines that will be staffed year-round under this proposal?

Staff Recommendation: Hold Open.

3540 Department of Forestry and Fire Protection

Issue 4: Various CalFire Capital Outlay and Facility-Related Proposals

The Governor's budget requests:

1. **Additional CAL FIRE Training Center: New Facility** – The Governor's budget requests \$18,684,000 one-time General Fund for the acquisition phase of the Additional CAL FIRE Training Center: New Facility (ACFTC) project. This is a continuing project. Total estimated project cost is \$419,020,000.

- a. Background: This request intends to acquire a suitable parcel for the development of an additional training center location within 30 miles of Sacramento International Airport.

Total project costs are estimated to be \$419,020,000, including study (\$545,000), site selection (\$100,000), acquisition (\$18,684,000), performance criteria (\$11,590,000), and design-build (\$388,101,000). The design-build amount includes the construction contract (\$342,572,000), contingency (\$20,554,000), architectural and engineering services (\$11,690,000), agency-retained items (\$85,000), and other project costs (\$13,200,000).

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.

The 23-24 budget approved \$645,000 for the study phase of a new training center, and rejected acquisition funding. The intent of this study was to inform the Legislature's decisions regarding whether and how to proceed with this project. The study is not complete, but it expected to be done April 2024.

2. **Boggs Mountain Helitack Base: Relocate Facility** - The Governor's budget requests \$1,454,000 General Fund for the preliminary plans phase of the Boggs Mountain Helitack Base: Relocate Facility project.

- a. Background: The project includes site acquisition, design, and construction of a new Boggs Helitack Base (HB): including a helicopter hangar, support vehicle garage, barracks building, generator/pump/storage building, wash rack canopy, hazmat/retardant storage, an operation building, and helicopter-training tower. Additionally, the scope of work will include site work and utilities as needed.

Total project costs are estimated at \$26,285,000, including acquisition (\$2,000,000), preliminary plans (\$1,454,000), working drawings (\$1,800,000) and construction (\$23,031,000). The construction amount includes the contract (\$19,407,000), contingency (\$1,152,000), architectural and engineering services

(\$1,454,000), agency-retained items (\$120,000), and other construction costs (\$898,000). Acquisition began in July 2021 and was completed in July 2023. Preliminary plans are estimated to begin July 2024 and be completed in July 2025. Working drawings are estimated to begin in July 2025 and be completed in July 2027. Construction is estimated to begin in October 2027 and be completed in April 2029.

3. **Butte Fire Center: Replace Facility** - The Governor's budget requests \$57,623,000 Public Buildings Construction Fund for the construction phase of the Butte Fire Center: Replace Facility project, located in Butte County. This is a continuing project. Total estimated project costs are \$63,018,000.

- a. Background: The project includes an administration building, multiple Captains barracks, a laundry room, an education/training building, an auto shop, a saw/small engine repair building, a warehouse, a California Conservation Corps (CCC) utility storage garage, corps member dormitories, a fuel island storage building, an emergency generator/fire pump building, a multipurpose gym/weight room, and a recyclable vehicle wash building. Additionally, the scope of work includes site work as needed.

Total project costs are estimated at \$63,018,000, including preliminary plans (\$2,650,000), working drawings (\$2,745,000), and construction (\$57,623,000). The construction amount includes the construction contract (\$48,461,000), contingency (\$2,420,000), architectural and engineering services (\$3,918,000), agency-retained items (\$58,000), and other project costs (\$2,766,000).

Preliminary Plans began in January 2022 and were completed in October 2022. Working drawings began in March 2023 and will be completed in September 2024. Construction is estimated to begin December 2024 and be completed in September 2026.

4. **Hayfork Fire Station: Relocate Facility** – The Governor's budget requests \$640,000 General Fund for the preliminary plans phase of the Hayfork Fire Station: Replace Facility project, located in Trinity County. This is a continuing project. Total estimated project costs are \$15,930,000.
5. **Hollister Air Attack Base/ Bear Valley Helitack Base: Relocate Facilities** – The Governor's budget requests \$2,446,000 for the working drawings phase of the Hollister Air Attack Base/Bear Valley Helitack Base: Relocate Facilities project.

- a. Background: This project includes site acquisition, and construction of an air operations building, barracks/mess hall, apparatus storage and warehouse building, auto shop, helicopter and OV-10 hangar, protective aircraft weather canopy (for the S2T), and a helicopter training tower. Site work includes demolition of existing structures, fire retardant chemical mixing plant, taxiway tie-in work, on-site tarmac improvements (including retardant loading pits with associated utilities

and waste/runoff mitigation), helipad, radio tower, sewer connections, fencing, grading, and paving (including access road), fire suppression water storage tank, fire pump test pit, fuel vault, site fencing and lighting, photovoltaic system, landscaping, utilities, and appurtenances, as needed.

Total project costs are estimated to be \$80,890,000, including acquisition (\$12,150,000), preliminary plans (\$2,760,000), working drawings (\$2,446,000) and construction (\$63,534,000). The construction amount includes the contract (\$54,810,000), contingency (\$2,741,000), architectural and engineering services (\$3,555,000), agency retained items (\$80,000), and other construction costs (\$2,348,000).

The acquisition phase began in December 2019 and is estimated to be completed July 2023. The preliminary plans phase began February 2023 and is estimated to be completed in April 2024. The working drawings phase is estimated to begin in July 2024 and to be completed in July 2026. The construction phase is estimated to begin in August 2026 and to be completed in February 2028.

6. **Humboldt-Del Norte Unite Headquarters: Relocate Facility** – The Governor’s budget requests \$3,952,000 Public Buildings Construction Fund for the working drawings phase of the Humboldt-Del Norte Unit Headquarters: Relocate Facility project, located in Humboldt County.

- a. The project includes site acquisition and construction of the following structures: an administration building, an Emergency Command Center (ECC)/support building, an auto shop with a covered vehicle wash rack, and water recycle system building, training building, self-contained breathing apparatus repair building, service center building, telecommunications building, fitness/tactical training building, generator/pump/storage building, parking garage with photovoltaic panels, and a fire station with a dozer transport shed. The project will include all needed site development and utilities.

Total project costs are estimated at \$78,297,000, including acquisition (\$1,860,000), preliminary plans (\$3,558,000), working drawings (\$3,952,000) and construction (\$68,927,000). The construction amount includes the contract (\$59,354,000), contingency (\$3,020,000), architectural and engineering services (\$6,308,000), agency-retained items (\$120,000), and other construction costs (\$125,000).

Acquisition began July 2021 and was completed in May 2023. Preliminary plans began in June 2023 and will be complete in June 2024. Working drawings are estimated to begin in July 2024 and be completed in August 2026. Construction is estimated to begin in November 2026 and be completed in August 2028.

7. **Ishi Conservation Camp: Replace Kitchen** – fund shift- The Governor’s budget requests \$11,042,000 General Fund to repay the interim financing loan for the

construction phase of the Ishi Conservation Camp: Replace Kitchen project. The construction phase of this project was originally intended to be bond financed; however, due to potential wildfire risk in the region it is not possible to obtain the insurance coverage necessary to sell bonds to finance the project.

8. **Parkfield Forest Fire Station: Relocate Facility** – The Governor’s budget requests \$18,636,000 Public Buildings Construction Fund authority for the construction phase of the Parkfield Forest Fire Station: Relocate Facility project, located in Monterey County. This is a continuing project. Total estimated project cost is \$19,986,000.

- a. This project includes design and construction of a combination barracks/mess hall building, apparatus building, and a generator/pump/storage building with generator. The project includes site work, utilities, grading, drainage, landscaping, paving, walkways, fencing, and associated appurtenances.

Total project costs are estimated at \$19,986,000, including acquisition phase (\$283,000), preliminary plans phase (\$609,000), working drawings phase (\$458,000), and construction phase (\$18,636,000).

The construction phase amount includes the construction contract (\$16,846,000), contingency (\$842,000), architectural and engineering services (\$455,000), other items (\$483,000), and agency retained items (\$10,000).

The preliminary plans phase began in April 2021 and was completed in June 2023. The working drawings phase began in June 2023 and is estimated to be completed in June 2024. The construction phase is estimated to begin in September 2024 and be completed in September 2026.

9. **Sonoma Lake Napa Unit Headquarters and Glen Ellen Fire Station: Relocate Facility** – The Governor’s budget requests \$7,619,000 Public Building Construction Fund for the performance criteria phase of the Sonoma Lake Napa Unit Headquarters and Glen Ellen Fire Station: Relocate Facility project, located in Sonoma County. This is a new project. The total estimated project costs are \$152,392,000.

- a. Background: The project includes acquisition of property, design, and construction of a new Sonoma Lake Napa (LNU) Headquarters (UHQ) and Glen Ellen Fire Station (FS).

The headquarters will include an administration building, an Emergency Command Center (ECC) building, an auto shop, a service center, a training building, Captains Barracks, a training tower, a communications tower, a fire pump test pit, a generator/pump and storage building, a self-contained breathing apparatus recharge building, a radio vault/repair building.

The FS will include an apparatus/barracks building, a dozer/mobile command center transport building, a fitness building, and a flammable storage building. Additionally, the scope of work includes sitework and utilities as needed.

Total project costs are estimated at \$152,392,000 including performance criteria phase (\$7,619,000) and design-build phase (\$144,773,000). The design-build amount includes the construction contract (\$105,619,000), contingency (\$5,263,000), architectural and engineering services (\$10,091,000), agency-retained items (\$80,000), and other project costs (\$23,720,000).

The performance criteria phase is estimated to begin July 2024 and be completed June 2026. The design-build phase is estimated to begin July 2026 and be completed June 2029.

10. Rohnerville Air Attack Base: Replace Fuel System – The Governor’s budget requests \$7,619,000 Public Building Construction Fund for the performance criteria phase of the Sonoma Lake Napa Unit Headquarters and Glen Ellen Fire Station: Relocate Facility project.

11. Ramona Air Attack Base: Critical Emergency Response Operations Infrastructure Improvements - The Governor’s Budget requests \$12 million one-time General Fund in fiscal year 2024-25 for a loading pit reconfiguration at the Ramona Air Attack Base to repair and improve retardant loading operations, better meet tactical objectives, and increase fire operations.

Panel

- Joe Tyler, Director, Department of Forestry and Fire Protection
- Michelle Valenzuela, Assistant Deputy Director, Capital Finance & Sustainability, Department of Forestry and Fire Protection
- Victor Lopez, Junior Staff Analyst, Department of Finance
- Jamie Gonsalves, Finance Budget Analyst, Department of Finance
- Michael McGinness, Principal Finance Budget Analyst, Department of Finance
- Helen Kerstein, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

LAO Comments

Additional Cal Fire Training Center: New Facility

LAO Bottom Line: We recommend the Legislature defer 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 the Department of Forestry and Fire Protection (CalFire). Specifically, we recommend waiting to act until forthcoming studies are available for legislative review (anticipated to be completed in April 2024). This is because we find it is premature to

fund the acquisition of property for this project when CalFire has not yet completed relevant studies providing justifications for the necessity of a new training center and refined estimates of the project's scope and cost.

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 our February 2023 publication [*The 2023-24 Budget: California Department of Forestry and Fire Protection's Major Capital Outlay Proposals*](#), we raised a variety of concerns about this proposed project. Among these concerns, we 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, we 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 Lone (Lone Master Plan) was available for legislative review. This is because the Lone 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. We 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 our office raised, 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 Lone Master Plan be incorporated into the study.

CalFire has not yet completed either the Lone 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 our recommendation from last year, we find 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.

Recommendations. We recommend 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. We find 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.

Various Other Capital Outlay Projects

LAO Bottom Line: The Governor proposes to fund various phases for a number of new capital outlay projects at CalFire and other California Natural Resources Agency departments in the 2024-25 budget. While many of these projects may have value, we recommend the Legislature consider whether they all need to be funded this year given (1) the severity of the problems with the state’s budget condition and (2) that collectively, we estimate these projects will increase General Fund costs by a notable amount in both 2024-25 and out years.

LAO Comments. 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, we estimate 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.

Recommendation. While many of the proposed capital outlay projects may have value, we recommend 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, we estimate 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 Comments

The Subcommittee may wish to ask the following questions:

1. How many capital outlay projects is the department currently working on?
2. How many capital outlay projects has the Legislature approved funding for in the past five years?
3. How many facilities does the department maintain?
4. Can you provide the Subcommittee with a ranking of which new and in-progress capital outlay projects are the most mission-critical by facility type?
5. When is the study expected to be completed for the new CalFIRE training facility?
6. For the Hayfork Fire Station relocation, has the site for new construction already been acquired?
 - a. What is happening between the estimated time of completion for the working drawings (June 2027) and the start of construction (March 2028)?
 - b. The current lease expires in 2030. Could this project be delayed and still be completed within the required timeframe? If so, by how much? If not, why not?
7. Can you provide more detail about why it was not possible to obtain the insurance coverage necessary to sell bonds to finance the Ishi Conservation Camp kitchen replacement project?
8. Is the department/Finance concerned that they may run into similar bond financing issues as they faced with the Ishi Conservation Camp with other capital outlay projects?
9. Has there been damage to aircraft to date due to the current design of the Ramona Air Attack Base or the issues with the concrete mix? If so, how much has this damage to aircraft cost the state to address?
10. How will the timing of this project compare to the timing of the state's receipt of the C-130s at the Ramona Air Attack Base?

Staff Recommendation: Hold open until the department provides the Subcommittee with a ranking of projects by facility type.

3340 California Conservation Corps

Issue 5: Residential Center, Auberry: New Residential Center

The Governor's budget requests a \$5,951,000 Public Buildings Construction Fund supplemental appropriation for the working drawings phase to renovate and/or build new at the existing Auberry Elementary School into a new residential center in the City of Auberry in Fresno County to meet programmatic needs including essential service facilities to support Type 1 fire crews. This appropriation will help CCC complete the working drawings phase in 2024-25.

Background:

The project will 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 CAL FIRE administration offices and laundry room, staff housing quarters, a new warehouse with work area, and a hazardous materials storage building. This facility will accommodate about 90 permanent residential Corpsmembers and support Type 1 fire crews and respective CAL FIRE staff.

Total project costs are estimated at \$123,106,000, including acquisition (\$2,551,000), preliminary plans (\$3,280,000), working drawings (\$5,951,000) and construction (\$111,324,000). Construction amount includes \$97,521,000 for the construction contract, \$4,876,000 for contingency, \$4,476,000 for architectural and engineering services, \$590,000 for agency retained items and \$3,861,000 for other project costs.

The focus of the CCC's existing Fresno Center is for Corpsmembers to gain work experience, advance their education through a high school diploma program with a charter school, and develop a career path, while helping to enhance California's natural resources and its communities. A residential center is critical in this area to recruit and retain Corpsmembers. Economically, Corpsmembers have limited resources, particularly the ability to afford a vehicle to reach the Fresno center located in a rural area, as public transportation has limited availability. Due to the high attrition rate at a non-residential center, Fresno does not have enough Corpsmembers to address the abundant conservation and energy projects available in the greater Fresno area.

Panel

- JP Patton, Director, California Conservation Corps
- Larry Notheis, Sr. Deputy Director, California Conservation Corps
- Michael McGinness, Principal Finance Budget Analyst, Department of Finance
- Victor Lopez, Junior Staff Analyst, Department of Finance
- Helen Kerstein, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

Staff Comments

The Subcommittee may wish to ask the following questions:

1. Can you provide more detail about why the total project cost has increased (\$60 million to \$123 million)?
 - a. Break down of each issue's approximate cost impact on the project.
 - i. Supply chain issues
 - ii. Inflation
 - iii. Revision to accommodate fire crews
2. Will the determination of whether the department renovates the school or builds a new facility have an impact on the total cost of construction?

Staff Recommendation: Staff recommends approving this item, upon the condition that the department provide follow-up on how various factors have impacted the increased total cost of the project.

Non-Presentation Items

0540 California Natural Resources Agency

Issue 6: Natural Resources Agency Bond and Technical Proposals

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: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 7: Natural Resources Agency Campus Relocation and Consolidation Phase 2

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, currently under major renovation. This is the second phase of CNRA's Sacramento campus consolidation.

Funding will support the following activities:

1. \$565,000 for moving staff, materials, storage cabinets, and equipment. This includes DOC's library (approximately \$265,000 in specialized services), and CEC's and DWR's reprographic and photogrammetry equipment;
2. \$535,000 for decommissioning remaining modular furniture systems, conventional furniture, and shelving of vacated areas. This includes approximately \$60,000 for specialized services to move DOC's library.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 8: Tahoe Climate Adaptation Environmental Monitoring

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.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 9: Tribal Nature-Based Solutions: Temporary Help Position Conversion

The Governor's budget requests 1 permanent Associate Governmental Program Analyst (AGPA) 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.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3340 California Conservation Corps**Issue 10: Energy Corps Resources**

The Governor's budget requests position authority for 1.0 Electrician I, 1.0 Conservationist II, and 1.0 Management Services Technician for fiscal year 2024-25 and ongoing, and 1.0 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.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 11: Nonresidential Center, Wilderness and Watersheds Restoration District: Acquire Existing Nonresidential Facility

The Governor's budget requests to reappropriate \$2,500,000 in available California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Fund (Proposition 68) 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.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 12: Residential Center, Camarillo: Fitness, Fire Readiness, and Health & Safety

The Governor's budget requests to \$650,000 in available Proposition 68 for a minor project to build a fitness track at the Camarillo Residential Center to meet programmatic needs including providing emergency response, resource conservation, and fuels reduction work

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3480 California Department of Conservation

Issue 13: Division of Administration Distributed Funding Reconciliation

The Governor's budget requests an increase in administration costs of approximately \$6.2 million (Program 9900100), and an equivalent decrease in distributed administrative costs of approximately \$6.2 million (Program 99002000) for FY 2024-25 and ongoing to fully fund positions and workload transferred to administrative functions within the Department.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 14: Improving California's Response to the Environmental and Physical Safety Hazards Caused by Abandoned Mines

The Governor's budget requests two (2.0) 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, 3025) 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.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 15: Plugging and Well Remediation

The Governor's budget requests \$7.5 million for FY 2024-25 and 2025-26 from 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 funds requested will be spent from the OGGA Fund for the purpose of plugging and abandoning wells, decommissioning facilities, and site remediation, consistent with section 3258 of the Public Resources Code, as amended by proposed Trailer Bill Language, as follows:

- Commencing with the 2022-23 fiscal year, and each fiscal year thereafter, five million dollars (\$5,000,000).
- On a one-time basis, for the 2024-25 fiscal year, seven million five hundred thousand dollars (\$7,500,000), as a match to the dedicated \$50 million General Fund appropriation for the 2022-23 fiscal year for the purposes of plugging and abandoning wells, decommissioning facilities, and site remediation.

- On a one-time basis, for the 2025-26 fiscal year, seven million five hundred thousand dollars (\$7,500,000), as a match to a dedicated Greenhouse Gas Reduction Fund appropriation for the 2024-25 fiscal year for the purposes of plugging and abandoning wells, decommissioning facilities, and site remediation.

Additionally, consistent with the proposed shift of the FY 2023-24 \$50 million one-time General Fund appropriation for this purpose to the Greenhouse Gas Reduction Fund (GGRF) in 2024-25, the Department is requesting Trailer Bill Language to amend section 3258 of the Public Resources Code as authorized by Chapter 51, Statutes of 2023 (SB 122) for consistency with this proposed change.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

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

The Governor's Budget requests twenty-four (24.0) permanent positions and an appropriation increase of \$5,992,000 in 2024-25 and \$5,680,000 ongoing from the Oil, Gas and Geothermal Administrative Fund (3046) to strengthen enforcement of existing laws and regulations, limit the state's financial liability, improve public transparency, and implement chaptered legislation.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3540 Department of Forestry and Fire Protection (CalFire)

Issue 17: Assistance by Hire Reimbursement Adjustments

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

CAL FIRE also requests budget bill language within Item 3540-001-0001 to account for the year-over-year changes in the amounts received.

Proposed Budget Bill Language:

Item 3540-001-0001

X. Notwithstanding Section 28.00 of this act, upon request of the Department of Forestry and Fire Protection, the Department of Finance may adjust Schedules (2) and (9) of this item to reflect increases in reimbursements from non-state entities provided Assistance by Hire emergency fire suppression services. The Director of Finance may authorize expenditures in excess of the amount appropriated in this item after the receipt of the request from the Department of Forestry and Fire Protection. Within 10 days of approval, the Department of Finance shall provide written notification of any such augmentation to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and the appropriate subcommittees of each house of the Legislature that consider the State Budget, and the chairperson of the Joint Legislative Budget Committee.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 4 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Shy Forbes / Christine Miyashiro.