

AGENDA

ASSEMBLY BUDGET COMMITTEE NO. 3 ON RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

WEDNESDAY, APRIL 3, 2013
9:00 A.M. - STATE CAPITOL ROOM 447

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VOTE-ONLY**3560 STATE LANDS COMMISSION**

VOTE-ONLY ISSUE 1: OIL AND GAS REVIEW AND OVERSIGHT

The Governor's Budget requests three permanent positions to review and monitor state oil and gas lease activities to ensure compliance with lease terms. Funding will be dedicated from existing reimbursement agreements. This proposal is consistent with legislative direction to increase oversight of oil and gas leases.

VOTE-ONLY ISSUE 2: SELBY SLAG SITE REMEDIATION

The Governor's Budget requests \$396,000 (one-time, General Fund) to pay the proportional share of hazardous waste remediation costs at Selby, California. This funding is pursuant to a 1989 Consent Judgment requiring the State Lands Commission to pay 38 percent of costs for the site remediation.

VOTE-ONLY ISSUE 3: ELIMINATION OF RENT-FREE USE OF PROPERTY FOR PRIVATE PIERS SB 152 (PAVLEY)

The Governor's Budget requests \$184,000 (General Fund) to eliminate the rent-free use of state property for private piers. SB 152 (Pavley), Chapter 585, Statutes of 2011, increased billable leases by more than 1300 leases over a ten-year period. Prior to this change in statute, only 900 revenue producing leases were billed. This change increases workload to 2200 leases necessary for rent review. Additional General Fund revenues are estimated at \$2,250,000 annually after a 10-year transition period.

STAFF COMMENTS

Staff has no concerns with these proposals.

Staff Recommendation: Approve as Budgeted Issues 1-3

3600 DEPARTMENT OF FISH AND WILDLIFE

VOTE-ONLY ISSUE 4: PROPOSITION 99 CLEANUP LANGUAGE

Per recommendation by the Bureau of State Audits, the Governor's Budget revises PRC 712.5 to eliminate outdated statute that was revised by subsequent statute in 2005. This allows funding from the Environmental License Plate Fund to be used for Fish and Wildlife activities as required by Proposition 99.

VOTE-ONLY ISSUE 5: INTEROPERABLE NARROWBAND RADIO AND INFRASTRUCTURE MODERNIZATION PROJECT – YEAR THREE

In continuance of a proposal (\$1.5 million, Environmental License Plate Fund) approved in this Subcommittee. The Governor's Budget requests this third year of a multi-year proposal to fund the timely implementation of a modernization of radio operations to improve the ability of wardens to communicate within DFW and to its sister law enforcement agencies at the local, state and federal level.

VOTE-ONLY ISSUE 6: TECHNICAL FUNDING SHIFT ADJUSTMENT TO THE FISHERIES RESTORATION GRANT PROGRAM

The Governor's Budget requests shifting ongoing Federal reimbursement authority (\$20 million) from state operations to local assistance for grant funds awarded to nonprofit organizations, government agencies, and Indian tribes under the Fisheries Restoration Grant Program. This is a technical shift to properly characterize grant expenditures.

VOTE-ONLY ISSUE 7: BAY DELTA CONSERVATION – INTERAGENCY ECOLOGICAL PROGRAM

The Governor's Budget proposes \$1.1 million reimbursement authority from the Department of Water Resources (DWR) and 7 positions for monitoring tidal habitats created as mitigation for the operations of the State Water Project and the federal Central Valley Project. The monitoring will focus on demonstrating the effectiveness of the restoration actions in achieving the expected benefits to the fish species covered in the restoration plan as required by the California Endangered Species Act, incidental Take Permit, Consistency Determinations, the federal Biological opinions, and the Bay Delta Conservation Plan.

The remaining four positions will implement the Bay Delta Region, Interagency Ecological Program for the San Francisco Estuary function, which directly supports the development and implementation of the BDCP. These four positions have sufficient funding for these proposed resources available through existing federal and reimbursement contracts with the DWR and the United States Bureau of Reclamation to fund the positions.

VOTE-ONLY ISSUE 8: DREISSENIID MUSSEL PREVENTION

The Governor's Budget requests \$126,000 and one position (Harbors and Watercraft Revolving Fund) to implement AB 2443 (Williams), Chapter 485, Statutes of 2012 that requires DFW to increase Quagga and Zebra (Dreissenid) muscle prevention efforts and control activities. The LAO recommends this be reduced to \$75,000 given that the statute allows for a half-year program in the budget year.

STAFF COMMENTS

Staff has no concerns with these proposals.

Staff Recommendation: Approve as Budgeted Issues 4-7. Approve \$75,000 per LAO recommendation on Issue 8.

3640 WILDLIFE CONSERVATION BOARD

VOTE-ONLY ISSUE 9: FUNDING FOR DEVELOPMENT PROGRAMS (MINOR CAPITAL OUTLAY)

The Governor's Budget requests \$1,000,000 (Wildlife Restoration Fund) to develop and restore habitat for wildlife-oriented public access. This proposal will allow the Board to maintain its long-standing flexible program, allowing it to take advantage of matching funds, as well as matching in-kind contributions, thereby leveraging State funds to maximize the development of public access facilities.

VOTE-ONLY ISSUE 10: PROPOSITION 84 SAN JOAQUIN DELTA NCCP - REAPPROPRIATION

The Governor's Budget requests reappropriation of the unencumbered balance of Proposition 84 funds (\$5.5 million) to continue administering grants to local agencies to implement, or assist in the establishment of Natural Community Conservation Plans (NCCP) for the areas in or around the Sacramento-San Joaquin Delta. A NCCP is a plan for the conservation of natural communities that takes an ecosystem approach and encourages cooperation between private and government interests.

VOTE-ONLY ISSUE 11: PROPOSITION 84 SAN JOAQUIN RIVER CONSERVANCY ACQUISITIONS AND PUBLIC ACCESS, RECREATION, ENVIRONMENTAL RESTORATION - REAPPROPRIATION

The Governor's Budget requests reappropriation of the unencumbered balance of Proposition 84 funds (\$4.8 million) for the San Joaquin River Conservancy's acquisitions and public access, recreation and environmental restoration projects.

STAFF COMMENTS

Staff has no concerns with these proposals.

Staff Recommendation: Approve as Budgeted Issues 9-11.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CAL FIRE)**VOTE-ONLY ISSUE 12: COOPERATIVE FORESTRY ASSISTANCE RENEWAL**

The Governor's Budget requests Federal Trust Fund (\$7,493,000 for FY 2013-24 and \$37,465,000 over five years) and ten, limited-term position authority (through June 30, 2018) to provide grant administration and technical oversight for the Department's Cooperative Forestry Assistance(CFA) programs. The requested funding is necessary to provide assistance to California's private forest landowners and urban community forests. Current funding expires on June 30, 2013.

The objectives for the Department's CFA include increasing the productivity and sustainability of private non-industrial forestlands; improving forest health, water quality, and air quality; and addressing climate change mitigation and adaptation. The extension of authority requested in this proposal continues the program efforts started in 1978.

VOTE-ONLY ISSUE 13: ADMINISTRATIVE CORRECTION ADVANCES

The Governor's Budget requests a change in statutory responsibilities, pursuant to Budget Letter BL 11-18, to eliminate the non-critical functions and reduce the statutory responsibilities of the Department, which will allow CAL FIRE to meet workload within its authorized spending levels. This is a no cost and no savings BCP because any unqualified marginal savings from eliminating this workload will be redirected back into core mission services and providing more complete internal customer services.

VOTE-ONLY ISSUE 14: AB 1566 – ABOVE GROUND PETROLEUM STORAGE ACT OVERSIGHT

The Governor's Budget requests \$366,000 and 2 permanent positions from the Unified Program Account (UPA) starting in FY 2014-13 and \$309,000 UPA ongoing to perform field evaluations, conduct necessary research, develop policy and guidance, and provide technical support to the Certified Unified Program Agencies who oversee the Aboveground Petroleum Storage Act Program, authorized by AB 1566, Statutes of 2012.

The Secretary for Cal/EPA has established the Unified Program, which consists of six hazardous materials and hazardous waste management Programs implemented throughout California by 83 local government agencies. Cal/EPA coordinates the activities of four other state agencies that are responsible for one or more of the Unified Program Elements. AB 1566 designated the Office of the State Fire Marshal as the state oversight agency for the Aboveground Petroleum Storage Act Program. The current staffing level of the Office of the State Fire Marshal is insufficient to support the new mandate. An existing Unified Program state surcharge fee structure is in place that will be adjusted to cover the ongoing cost of the position.

VOTE-ONLY ISSUE 15: BAKER FIRE STATION – RELOCATE FACILITY (CAPITAL OUTLAY)

The Governor's Budget requests a supplemental appropriation (\$200,000, Public Buildings Construction Fund) to acquire a suitable parcel to relocate the two-engine Baker Fire Station. This request is a scope change to the design and construction appropriation included in the 2010-11 Budget Act (Lease Revenue Bonds, \$10,415,000). The current lease holder has not agreed to the terms of a lease required by Bond Counsel, driving the need to acquire a new site to build the fire station.

VOTE-ONLY ISSUE 16: PARKFIELD FIRE STATION – RELOCATE FACILITY (CAPITAL OUTLAY)

The Governor's Budget requests a supplemental appropriation (\$283,000, Public Buildings Construction Fund) to acquire a suitable parcel to relocate the one-engine Parkfield Fire Station. This request is a scope change to the design and construction appropriation included in the 2009-10 Budget Act (Lease Revenue Bonds, \$7,209,000). The property is no longer a viable site due to a major archaeological finding on the property.

STAFF COMMENTS

Staff has no concerns with these proposals.

Staff Recommendation: Approve as Budgeted Issues 12-16.

ITEMS TO BE HEARD

3780 NATIVE AMERICAN HERITAGE COMMISSION

ISSUE 1: Native American Heritage Commission Augmentation

The Governor's Budget requests to augment the Native American Heritage Commission (NAHC) budget by \$140,000 (General Fund). This funding is to support an attorney position, re-class analysis positions to the appropriate classification of Environment Scientist and to enable NAHC to meet operating expenses such as, information technology (e-mail) conversion, facilities increase due to involuntary move and travel costs to enable the Commission to fulfill its mission and adhere to its by-laws.

BACKGROUND

The State is the home of 110 federally recognized tribes and over 40 non-federally recognized tribes. According to the census, California has the largest Indian population in the Country. Created by Statute in 1976, the Commission is the state's "trustee agency" for the protection and preservation of Native American cultural resources, sacred sites on public land, and Native American burial sites.

The NAHC, composed of nine commissioners appointed by the Governor, facilitates consultation between California tribal governments, Indian organizations and tribal elders with local, state, and federal agencies. This funding request will assist in bringing the Commission to an operational level.

The Governor appointed the Executive Secretary to oversee the legislative mandates of the NAHC. Governor Brown also recently issued Executive Order B-10-11 on September 19, 2011 to create the Governor's Tribal Advisor position to oversee and implement effective government-to-government consultation between his Administration and Tribes on policies that affect California tribal communities. The Executive Secretary and Tribal Advisor positions are two separate appointments made by the Governor, but are now filled by one person.

STAFF COMMENTS

This proposal is a modest request for funds that will enhance the ability the NAHC to achieve their mission.

Staff Recommendation: Approve as Budgeted

3600 DEPARTMENT OF FISH AND WILDLIFE

The mission of the Department of Fish and Wildlife (DFW) is to manage California's diverse fish, wildlife, and plant resources, and the habitats upon which they depend, for their ecological values and for their use and enjoyment by the public. This includes habitat protection and maintenance in a sufficient amount and quality to ensure the survival of all species and natural communities. The Department is also responsible for the diversified use of fish and wildlife including recreational, commercial, scientific, and educational uses.

The Budget includes \$366.3 million (\$62.7 million General Fund) and 2,527 positions for the Department. Decreases in federal and "other" funds are the result of DOF's effort to align reimbursements with historical expenditures. Reductions in bond expenditures are due to the near depletion of available bond funds.

Fund Source	2011-12 Actual	2012-13 Projected	2013-14 Proposed	BY to CY Change	% Change
General Fund	\$61,136	\$61,058	\$62,683	\$1,625	3%
Federal Funds	59,656	77,992	62,000	(15,992)	(21%)
Fish and Game Preservation Fund	97,697	113,135	110,082	(3,053)	(3%)
Bond Funds	23,110	83,572	19,731	(63,841)	(76%)
Other	112031	148,182	111799	(36,383)	(25%)
Total Expenditure	\$353,630	\$483,939	\$366,295	(117,644)	(24%)
Positions	2,242.30	2,480.20	2,527.20	47	2%

INFORMATIONAL: IMPROPER USE OF LEASE PROCEEDS

In early March 2013, the Department of Fish and Wildlife (DFW) voluntarily came forward to Legislative leadership and relevant committee and legislative staff to publically disclose preliminary results of its internal investigation into the improper use of lease proceeds. The following is background on the issue, an accounting of the events that led up to DFW's internal investigation, preliminary investigation findings, and a discussion of corrective actions the Department has implemented thus far.

BACKGROUND

Lands Program Background. The Lands Program, within the DFW, is responsible for providing policy direction to assist Regional staff in the management of over 1 million acres of fish and wildlife habitat. In total, the DFW manages approximately 700 properties throughout the state. These properties provide habitat for a rich diversity of fish, wildlife, and plant species and comprise habitats from every major ecosystem in the state. Importantly, many of these parcels need intensive management to maintain those resource values, including habitat for some threatened and endangered species. In addition, the Lands Program also administers several private lands conservation programs designed to assist landowners with the management of wetlands, riparian habitats, native grasslands, and wildlife-friendly farmlands.

Bureau of State Audit Findings and Recommendations. In December 2012, the Bureau of State Audits (BSA) found that a supervisor with DFW improperly implemented an agricultural lease agreement. The supervisor directed the lessee to use state funds derived from the lease to purchase \$53,813 in goods and services that did not provide the improvements and repairs the lease required. In addition, the supervisor required the lessee to provide the State with \$5,000 in Home Depot gift cards, but this supervisor could not demonstrate that the purchases he and other state employees made with the gift cards paid for improvements or any other identifiable state purpose. The BSA recommended DFW seek corrective and disciplinary action against the supervisor. The BSA also suggested a review of lease terms, tracking systems and reconciliation of payment records, among other things. The DFW agreed with the audit recommendations.

Systemic Violations Discovered by Department Leadership. The DFW undertook a broader review of its agricultural leases and grazing permits to determine if the problems identified by BSA, or any similar situations, are occurring in other areas in the Department. This was a comprehensive review of all leases, permits, and other agreements. This Administration-driven review discovered new "systemic violations of law" with the department's grazing and agriculture lease program.

According to testimony given by Charlton Bonham, Director of the Department of Fish and Wildlife, at the Senate Subcommittee hearing on March 21, 2013, the DFW is examining 160 agricultural and/or grazing agreements on approximately 130,000 acres. This represents about 13 percent of the one million acres the Department manages. Of those agreements, about 50-60 have been "red flagged" by the Department. The

Director estimated that these agreements should have generated about \$1.7 million in revenue annually.

The Director stated that he believes the problem with grazing permits and agricultural leases started about a decade ago. The review discovered numerous instances (over 50) where lease payments were made but never deposited in state coffers.

While the Department is still investigating, the Director revealed some of its internal investigation findings, including:

- Staff entered in to contracts without notice and approval of the Department's legal office or administrative office;
- "In-lieu of" payments occurred. Instead of lease payments being correctly deposited in appropriate accounts within the State Treasury, payments were apparently used for other purposes, including:
 - Routine maintenance of habitat;
 - Hiring of Sub-contractors for maintenance projects;
 - Purchase of Home Depot gift cards to buy materials;
 - Construction of small buildings; and,
 - Expansion of small office spaces.
- Non-payment of monies owed to the state under lease arrangements that were never reported to Sacramento; and,
- Instances where grazing permits had expired and grazing continued for years without collection of payment.

Corrective Action Taken Thus Far. In light of what the DFW identified in its review, the Department has asked the Natural Resources Agency to act as an independent overseer on this matter. Additionally, at the urging of Legislators, the Department directed its General Counsel to meet with the Chief of Enforcement at the Fair Political Practice Commission to share information regarding its investigation. While the Director stated that most of the "in-lieu of" of activity discovered to date appears to have been for Department purposes, he "cannot disprove that possibility." Thus, the Department has also alerted the Attorney General's Office to be on standby for a possible referral for a criminal investigation.

As part of its due diligence, the Department has brought in retired annuitants with auditing and budgeting experience, as well as in-house staff with investigatory and real estate law experience to review the agreements. Staff will be evaluating the agreements to determine if they should be amended, terminated or should be put out to bid. The Department is also looking at seeking back payments from lessees.

On March 7, 2013, the DFW distributed its Agricultural Lease, Grazing Permit, and Partnership Agreement Policy to Department staff. It outlines the steps staff must complete prior to entering into any such agreement. Further, the prohibited "in-lieu of" payments that fail to comport with state laws and policies and directed that all lease payments or other funds be correctly deposited in appropriate accounts within the State Treasury.

Statute Provides No Incentive to Manage Lands. Fish and Game Code 1348, subdivision (c)(2) authorizes DFW to lease property and requires it to deposit proceeds in the Wildlife Restoration Fund (WRF). This fund, which receives revenues from several sources, is administered by the Wildlife Conservation Board. Moneys from the WRF are typically used to acquire lands and construct facilities suitable for recreation and fish and wildlife purposes. None of the money in the WRF is used for management of these lands, creating an incentive to find other means to fund ongoing costs on state leased lands. According to the Director, the lack of stable funding for operation and maintenance of these lands fueled the lease problem.

Finally, the Department of Finance has stated that it is working on proposal to bring these lease funds in to the state treasury. This Spring proposal will also address management issues related to these lands.

STAFF COMMENTS

While some of the "in-lieu of" payments are troubling and possibly warrant criminal investigation, the Director should be commended for his quick actions to address the problem and for voluntarily coming forward to publically disclose the Department's findings.

Staff Recommendation: Direct DFW to provide a proposed statutory amendment to allow lease revenues to be used directly for management of leased lands.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CAL FIRE)

The California Department of Forestry and Fire Protection's (CAL FIRE) mission is to serve and safeguard the people and protect the property and resources of California. CAL FIRE provides all hazard emergency - fire, medical, rescue and disaster - response to the public. The Department provides resources management and wild land fire protection services covering over 31 million acres of the State. It operates 228 fire stations and, on average, responds to over 5,600 wildfires annually. The Department also performs the functions of a local fire department through reimbursement agreements with local governments. The state contracts with local entities in six areas to provide fire protection and prevention services. The Governor's total budget includes \$1.3 billion (\$678.7 million General Fund) and 6,885.7 positions for the Department.

Fund Source	2011-12 Actual	2012-13 Projected	2013-14 Proposed	BY to CY Change	% Change
General Fund	\$649,555	\$765,480	\$678,738	(\$86,742)	(11%)
State Responsibility	50,000	47,836	64,642	16,806	35%
Area Fire Prevention Fund					
Other	332,330	401,313	421,836	20,523	5%
Total Expenditure	\$1,031,885	\$1,214,629	\$1,165,216	(\$49,413)	(4%)
Positions	5,767.90	6,749.40	6,885.70	136	2%

INFORMATIONAL: WIFITER FUND

In late January 2013, CAL FIRE disclosed to key Legislative members and staff that the Department of Finance was investigating a special account related to the settlement of claims against those who have negligently started fires. Since that time, questions have been raised about legitimacy of this account and the Bureau of State Audits (BSA) has included this special account in its audit of 10 funds outside the state treasury. With the help of CAL FIRE, pertinent details of the Fund, including what it was used for, when it was created, and who managed it follows.

BACKGROUND

According to CAL FIRE, the Wildland Fire Investigation Training and Equipment Fund, commonly referred to as the WIFITER Fund, was conceived as a way to better train, and equip the individuals responsible for conducting wildland fire investigations at both the State and local level. The WIFITER Fund was modeled on similar funds held by other public agencies. The Fund allowed for specialized training to further the purpose of CAL FIRE's mandate to recover fire suppression costs. The account never contained more than \$1.7 million at one time and over its seven-year of existence, it totaled \$3.66 million.

In 2005, an initial Memorandum of Agreement was signed between CAL FIRE and the California District Attorneys' Association (CDAA) to establish the WIFITER Fund and to outline the duties of the various participants. CDAA was initially chosen because it manages similar funds.

CAL FIRE argues that the Fund has been an instrumental tool in ensuring that the investigators, case managers, and staff who participate in the cost recovery process receive the training and equipment necessary to effectively perform their jobs. A few of the successes achieved, in part, as a result of WIFITER Fund, sponsored training, and equipment are the following:

- Investigators involved in the Esperanza Fire investigation and subsequent capital murder conviction received arson investigation, surveillance, and origin and cause classes/training.
- Lead investigating officer for the Witch Fire received surveillance, origin and cause and fire scene documentation classes/training.
- Lead investigating officer for the Guejito Fire received origin and cause and fire scene documentation classes/training.

In August 2008, an internal audit was initiated as a result of questions regarding the consistency of expenditures between the northern and southern regions. The final audit report was posted on the State's transparency website. In addition, CAL FIRE, through its Financial Integrity and State Managers Accountability Report, informed Department of Finance (DOF), Joint Legislative Audit Committee (JLAC), and Bureau of State Audits (BSA) of the existence of the WiFITER Fund.

In October 2011, CAL FIRE and CDAA entered into a revised Memorandum of Understanding. The revised MOU was a mechanism to implement recommendations from CAL FIRE's internal audit. In addition, the revised MOU reduced the expenditure fee paid to CDAA from 15 percent to 5 percent.

Discussions among CAL FIRE's Executive Team regarding the proper place for CAL FIRE's Law Enforcement Program began in Spring 2012. The Civil Cost Recovery Program is a part of CAL FIRE's Law Enforcement Program. It was Director Pimlott's recommendation that supervision of the Law Enforcement Program be moved from the Office of the State Fire Marshall to the Deputy Director of Fire Protection. Pending the restructure of the Law Enforcement Program, Director Pimlott ordered the WiFITER Fund frozen. This was also done to ensure that all intended beneficiaries of the WiFITER Fund were provided the ability to propose appropriate projects.

On December 10, 2012, CDAA notified CAL FIRE that it intended to terminate the MOU. CAL FIRE is presently working to ensure the monies currently in the WiFITER Fund (approximately \$800,000) are deposited into an appropriate account. In addition, CAL FIRE is working to establish a method to fund the training and equipment paid for from the WiFITER Fund that was instrumental in the success of the Civil Cost Recovery Program.

STAFF COMMENTS

CAL FIRE Director Ken Pimlott expressed the following sentiments in a recent "monthly message" to his employees:

"Recent incomplete and sensationalized media coverage" have "needlessly detracted from our successes and wasted valuable staff time and resources that would have been much better spent directly serving the public." "The fund has been an invaluable tool in ensuring that the investigators, case managers and staff who participate in the cost recovery process receive the training and equipment necessary to effectively perform their jobs," Pimlott wrote. "We have never attempted to hide the existence of the fund and I will not apologize for using it to improve our cost recovery efforts."

Later, he added that he could not share specific information because of ongoing litigation, a reference to a bitter court dispute between CAL FIRE and several defendants that include the state's largest landowner, Sierra Pacific Industries. "Over time, the truth will prevail, the motives of those attacking the fund and the Program will be exposed, and I will be able to speak more freely," he wrote.

Unlike the State Parks scandal, CAL FIRE never attempted to hide the existence of this fund. On the contrary, the DOF, JLAC, and BSA were notified of the existence of the WiFITER Fund in 2009. Further, the Fund seems to have been an invaluable tool to improve the Department's cost recovery efforts. From all accounts, the WiFITER Fund appears to have been above board and the Department has been forthright about it from the beginning.

ISSUE 1: LOCAL GOVERNMENT COOPERATIVE AGREEMENT REIMBURSEMENT AUTHORITY

The Governor's Budget requests \$41,254,000 reimbursements and 283.5 positions starting in Fiscal Year (FY) 2013-14 related to providing fire protection services to the cities of Colton, Jurupa Valley, Morgan Hill, Norco, and Soledad; Towns of Paradise and Tiburon; San Miguel Fire Protection District; Groveland Community Services District; and County of Riverside for an expanded scope.

BACKGROUND

Current law authorizes CAL FIRE to enter into Cooperative Fire Protection Reimbursement Agreements ("Cooperative Agreements") for the purpose of preventing and suppressing forest fires or other fires in any lands within any county, city, or district that makes an appropriation for that purpose. CAL FIRE has entered into multiple cooperative agreements to provide fire protection services for the above named communities who reimburse CAL FIRE for the cost of providing the service.

The CAL FIRE Director has reviewed the terms and conditions of the agreements with the communities and has determined they are consistent with all appropriate statute and policy pertaining to local government cooperative fire protection agreements. The Cooperative Agreements with the named communities contains these benefits by providing staffing and resources that augment CAL FIRE's initial attack capability for wildland fire suppression on State Responsibility Area (SRA) lands and for additional surge capacity, as well as providing full service and wildland emergency response to the cities, towns, fire district, special district, and County of Riverside. Failure to do so could result in less effective initial attack and large fire management, resulting in the potential for significantly larger and more damaging fires.

CAL FIRE has entered into multiple cooperative agreements that have varying start dates. Based upon those start dates, CAL FIRE requests \$31,812,000 Reimbursements in FY 2012-13 and \$41,254,000 Reimbursements in FY 2013-14 related to the cost of providing the service to the communities. CAL FIRE has submitted a Section 28 application to the Department of Finance for the FY 2012-13 amount.

STAFF COMMENTS

It would be helpful, moving forward, if the Department of Finance and CAL FIRE work with staff to explore a process that aligns contract start times more closely with the legislative and budget calendars, including control language as needed.

Staff Recommendation: Approve as Budgeted.
