

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON CLIMATE CRISIS, RESOURCES, ENERGY, AND TRANSPORTATION

ASSEMBLYMEMBER STEVE BENNETT, CHAIR

WEDNESDAY, MARCH 1, 2023
9:30 A.M. – STATE CAPITOL, ROOM 447

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Public Comment

The public may attend this hearing in person or participate by phone. This hearing can be viewed via live stream on the Assembly's website at <https://assembly.ca.gov/todaysevents>.

We encourage the public to provide written testimony before the hearing. Please send your written testimony to: BudgetSub3@asm.ca.gov. Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted.

*A moderated telephone line will be available to assist with public participation. The public may provide comment by calling the following toll-free number: **877-692-8957 / Access Code: 131 54 47**.*

NON-PRESENTATION ITEMS

0540 CALIFORNIA NATURAL RESOURCES AGENCY

ISSUE 1: BIODIVERSITY AND CONSERVATION PRIORITY ACTIONS AND REPORT (AB 2278)

The Governor's budget requests \$792,000 General Fund in 2023-24 and 2024-25 and \$432,000 General Fund ongoing to implement the requirements of Chapter 349, Statutes of 2022 (AB 2278). Of this amount, CNRA requests 2 permanent positions and \$432,000 in 2023-2024 and ongoing, and the Ocean Protection Council requests funding for two limited-term positions, totaling \$360,000 of the request in 2023-24 and 2024-25. This funding request will support prioritization of certain 30x30 implementation actions as established by AB 2278 and annual reporting on the progress toward achieving the 30x30 goal.

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 2: CALIFORNIA CLIMATE ADAPTATION STRATEGY (AB 1384)

The Governor's budget requests \$500,000 General Fund in 2023-24 and ongoing to update the California Climate Adaptation Strategy as required by Chapter 338, Statutes of 2022 (AB 1384).

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 3: CONVERSION OF LONG-TERM TEMPORARY HELP POSITIONS TO PERMANENT

The Governor's budget requests 5 permanent positions to be funded from savings within the baseline budget, various reimbursement agreements, and administrative allowances from recent investments that have significantly increased the size of the agency. These are positions that have been carried in the temporary help blanket but are now needed on a permanent basis to meet the ongoing needs of the Agency.

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.

3780 NATIVE AMERICAN HERITAGE COMMISSION
0540 CALIFORNIA NATURAL RESOURCES AGENCY

ISSUE 4: DEROGATORY GEOGRAPHIC NAMES (AB 2022)

The Governor's budget requests \$433,000 General Fund in 2023-24 and 2024-25, \$183,000 General Fund in 2025-26 and ongoing, and one permanent position, and the Native American Heritage Commission requests \$75,000 General Fund in 2023-24 and 2024-25 to implement the requirements of Chapter 479, Statutes of 2022 (AB 2022). AB 2022 includes significant scope changes for the existing California Advisory Committee on Geographic Names and requires the removal of derogatory names by public agencies. This request will fund staff, extensive travel statewide, facilitation services for formal tribal consultation and public engagement, and direct expenditures to meet new tracking and reporting requirements.

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.

0540 CALIFORNIA NATURAL RESOURCES AGENCY
3900 CALIFORNIA AIR RESOURCES BOARD
8570 DEPARTMENT OF FOOD AND AGRICULTURE

ISSUE 5: NATURAL AND WORKING LANDS (AB 1757)

The Governor's budget requests \$3.52 million one-time General Fund in 2023-24, \$4.1 million ongoing Cost of Implementation Account, and \$873,000 ongoing General Fund and 16 permanent positions to implement AB 1757 (Chapter 341, Statutes of 2022). This includes:

The California Natural Resource Agency requests \$3.16 million General Fund in 2023-24, \$510,000 General Fund in 2024-25 and ongoing, and 2.0 permanent positions to implement Chapter 341, Statutes of 2022 (AB 1757). Specific activities required by AB 1757 include those associated with developing targets, updating the Natural and Working Lands Climate Smart Strategy, and successfully tracking greenhouse gas emissions on natural and working lands across CNRA entities. This work will be undertaken in close coordination with both entities reporting to CNRA and interagency partners.

The California Air Resources Board (CARB) requests 12.0 positions and \$4.1 million Cost of Implementation Account (COIA) in 2023-24 and ongoing, including \$1.5 million in contract funds, to meet the requirements of AB 1757, which include setting carbon sequestration targets, establishing methods to track greenhouse gases (GHGs) and carbon sequestration from natural and working lands (NWLs) over time, and integrate the targets into the AB 32 Scoping Plan.

The California Department of Food and Agriculture requests \$363,000 General Fund and 2.0 positions in 2023-24 and ongoing to provide adequate staffing for the activities required of the Department by AB 1757, including updating the Natural and Working Lands Climate Smart Strategy.

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.

3125 CALIFORNIA TAHOE CONSERVANCY

ISSUE 6: FOREST MANAGEMENT WORKLOAD SUPPORT

The Governor's budget requests two positions to implement projects funded by reimbursable grants and existing funding. The positions will increase the pace and scale of forest restoration work in the region to reduce risks associated with catastrophic wildfires, drought, and climate change. The positions are needed to carry out projects consistent with recently secured grant funding, as well as the wildfire and forest resilience funding recently appropriated to the Conservancy.

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 7: MISSION CRITICAL RESOURCES

The Governor's budget requests position authority only for 1.0 Office Technician, 1.0 Conservationist I, 1.0 Conservationist II, 1.0 Building Maintenance Worker, and 1.0 Information Technology Specialist II for FY 2023-24 and ongoing to address critical staffing needs and to provide sufficient resources to help carry out the department's mission. This proposal has 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.

3480 DEPARTMENT OF CONSERVATION

ISSUE 8: CALIFORNIA GEOLOGIC ENERGY MANAGEMENT DIVISION: ENVIRONMENTAL REVIEW AND CEQA COMPLIANCE

The Governor's budget requests thirteen (13.0) permanent positions for the California Geologic Energy Management Division (CalGEM) to perform increased workload associated with its mandated responsibilities to carry out the California Environmental Quality Act (CEQA).

STAFF COMMENTS

Given the backlog of plug and abandonment work, the subcommittee may wish to limit these positions to only reviewing applications for the plug and abandonment of wells.

Staff Recommendation: Hold open.

ISSUE 9: SB 1295 CLEAN-UP (CALGEM) TRAILER BILL

The Governor's budget requests trailer bill language to provide technical amendments to SB 1295 (Limon, Chapter 844, Statutes of 2022) that will allow CalGEM to factor assessments added by SB 1295 into their fee schedule over the next two years. The assessments included in SB 1295 were connected to General Fund approved in the 2022 Budget Act agreement for oil well plugging and abandoning, and these technical amendments will allow CalGEM to incorporate the additional SB 1295 assessments into future budget authority.

More specifically, in order to assess the funding authorized in SB 1295, CalGEM must first build the appropriation authority into the Budget Act. When SB 1295 was enacted, the Budget Act was already completed for 2022-23 and it was too late to incorporate these costs in to the assessments. Due to that timing issue and the future period in which CalGEM submits fee schedules to industry, the fiscal years cited in SB 1295 have been pushed forward to 2024-25 and 2025-26.

The trailer bill can be found online at: <https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/776>.

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 STATE LANDS COMMISSION

ISSUE 10: SOUTH ELLWOOD PROJECT – PLATFORM HOLLY CARETAKER PROGRAM

The Governor's budget requests a \$3,660,000 one-time General Fund appropriation in FY 2023-24, with an extended encumbrance period through June 30, 2026, to retain the contractors necessary for the Commission to independently monitor, inspect, and timely respond to conditions on and around Platform Holly during the caretaker period following the final plug and abandonment of the platform's 30 wells in early 2023 and commencement of platform decommissioning by ExxonMobil, likely in 2026-2027. During the caretaker period, the platform will be de-staffed and otherwise nonoperational; however, because the platform serves as a potential attraction to illegal trespassers and will require monitoring of systems (i.e., navigation lights/horns, fire suppression, stormwater management, electrical systems), the Commission proposes a limited term caretaker program to provide the capacity to monitor, inspect, respond, and ensure the platform poses no risk to human health and safety or to the environment prior to its decommissioning.

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.

3810 SANTA MONICA MOUNTAINS CONSERVANCY

ISSUE 11: CONSERVANCY FUND AUTHORITY INCREASE

The Governor's budget requests spending authority of its Santa Monica Mountains Conservancy Fund be increased from \$200,000 to \$1.5 million to allow the Conservancy to process the Regional Forest and Fire Capacity Program grant it has been awarded and to pass the funding through to its sub-grantees to effectuate the award.

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.

3825 SAN GABRIEL AND LOWER LOS ANGELES RIVERS AND MOUNTAINS CONSERVANCY

ISSUE 12: EXTEND AND REVISE POSITION AUTHORITY TO SUPPORT LOWER LOS ANGELES/SAN GABRIEL RIVER RECREATION AND PARK DISTRICT AS AUTHORIZED BY SB 1374 AND SB 268

The Governor's budget requests to extend and revise an authorized position to support the Lower San Gabriel River Recreation and Park District implementation efforts through FY 2025-26.

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 13: ESTABLISH ONGOING GENERAL FUND REIMBURSEMENT AUTHORITY FOR THE RIO HONDO CONFLUENCE AND WEST COYOTE HILLS PROJECTS. ESTABLISH ONGOING ELPF REIMBURSEMENT AUTHORITY WITH THE JOINT POWERS AUTHORITY

The Governor's budget requests to establish ongoing reimbursement authority of \$30,000 for the California Environmental License Plate Fund and \$8 million General Fund in increased reimbursement authority through fiscal year 2024-25 to accommodate grants from the California Natural Resources Agency and Wildlife Conservation Board for the Rio Hondo Confluence Signature Project and West Coyote Hills Phase II Acquisition Project, respectively. These requests will result in a net zero cost to the conservancy.

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.

3835 BALDWIN HILLS AND URBAN WATERSHEDS CONSERVANCY

ISSUE 14: WATERSHED RESILIENCY – BALLONA CREEK AND UPPER DOMINGUEZ CHANNEL (SB 1052)

The Governor's budget requests one-time local assistance funding of \$575,000 to study the potential environmental and recreational uses of the Baldwin Hills, southern Ballona Creek Watershed, and Upper Dominguez Channel area. The study will inform site opportunities and constraints for a watershed and open space plan.

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.

3855 SIERRA NEVADA CONSERVANCY

ISSUE 15: PERMANENT POSITIONS FOR REIMBURSEMENTS AND HUMAN RESOURCES

The Governor's budget requests 2.0 permanent full-time Associate Governmental Program Analyst (AGPA) positions to oversee multi-year agreements with the Department of Conservation and 1.0 permanent full-time Associate Personnel Analyst (APA) position for the Human Resources unit (HR). These positions will be funded with existing funding authority.

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: REAPPROPRIATION OF 2020-21 GENERAL FUND LOCAL ASSISTANCE

The Governor's budget requests reappropriation of \$96,000 of 2020-21 General Fund appropriated for wildfire and forest resilience local assistance funding.

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.

3600 DEPARTMENT OF FISH AND WILDLIFE

ISSUE 17: CLIMATE PERMITTING SUPPORT

The Governor's budget requests 40.0 permanent positions and \$10.2 million in General Fund in Fiscal Year (FY) 2023-24 and \$9.6 million ongoing to expedite environmental review workload, including pre-consultation with project proponents, for priority energy and water infrastructure projects throughout the State.

The Department will allocate the positions and funding through two permitting project categories as follows:

- 1) 25.0 positions and \$6.4 million for permitting energy projects.
- 2) 15.0 positions and \$3.8 million for permitting water infrastructure projects.

Additionally, the Department will purchase 7 sedan vehicles and 1 4x4 pickup truck, distributed as follows:

- 7 sedan vehicles for the proposed Senior Environmental Scientist Supervisors.

- 1 4x4 pickup for the proposed Senior Land Surveyor.

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 18: CONTINUATION OF THE CANNABIS REGULATORY AND ENFORCEMENT PROGRAM

The Governor's budget requests 49.0 permanent positions, \$7.98 million (\$4.21 million Fish and Game Preservation Fund – Lake and Streambed Dedicated Account (FGPF-LSA) and \$3.77 million Cannabis Control Fund) in Fiscal Year (FY) 2023-24, \$7.98 million (\$4.21 million Fish and Game Preservation Fund – Lake and Streambed Dedicated Account (FGPF-LSA) and \$3.77 million Cannabis Tax Fund) in FY 2024-25 and ongoing to permanently support the Department's Cannabis Regulatory and Enforcement Program (CREP), initially approved in the 2017 Budget Act.

The Department has a unique and integrated role in the commercial cannabis cultivation licensing process that will be ongoing given the regulatory framework established to integrate Proposition 64 requirements.

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 19: CREATION OF INFORMATION SECURITY AND PRIVACY OFFICE

The Governor's budget requests 2.0 permanent positions, \$596,000 Distributed Administration in Fiscal Year (FY) 2023-24, and \$579,000 ongoing to create an Information Security and Privacy Office. The information security and privacy practices within the Department are far underdeveloped and unable to effectively provide security and privacy oversight for the Department and its subordinate organizations. Currently, there is not enough staff to meet the demands imposed by the Department's control agencies, the California Department of Technology (CDT), and the California Natural Resources Agency (CNRA), and the Department is unable to effectively be secured from external security threats or privacy implications.

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 20: INCIDENTAL TAKE PERMIT FOR LONG-TERM OPERATIONS OF THE STATE WATER PROJECT IN THE SACRAMENTO-SAN JOAQUIN DELTA

The Governor's budget requests 16.0 permanent positions, \$2.98 million Reimbursement authority in Fiscal Year (FY) 2023-24, and \$2.79 million ongoing to complete the new workload associated with the State Water Project (SWP) Incidental Take Permit (ITP). In 2019, The Department and the Department of Water Resources (DWR) were directed to develop a standalone ITP to regulate operations of the SWP independently of the federal Endangered Species Act (ESA). The Department and DWR are required to collaborate on implementation of all aspects of the ITP, which has created a significant new workload for permitting and monitoring.

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 21: KLAMATH FACILITIES REMOVAL: MONITORING, RESTORATION, AND LANDS MANAGEMENT

The Governor's budget requests 5.0 permanent positions, \$1.97 million General Fund in Fiscal Year (FY) 2023-24, \$1.38 million in FY 2024-25, and \$1.35 million ongoing to establish two new programs: the Upper Klamath River Fisheries Monitoring Program (UKRP) and the management of Parcel B Lands. The establishment of these programs are necessary to support fish monitoring, restoration, and land management after removal of the Klamath Dams. The Klamath Hydroelectric Settlement Agreement (KHSA) commits to ensuring anadromous fish passage and recolonization following the removal of Copco 1 Dam, Copco 2 Dam, and Irongate Dam from the Oregon border downstream to Bogus Creek. The KHSA also provides ownership transfer of approximately 7,100 acres of land to the Department to manage.

This request also includes the following equipment: One (1) Utility Terrain Vehicle. Two (2) ½ Ton Trucks. Two (2) 4x4 pickups for the proposed Senior Environmental Scientist (Specialist) and the Environmental Scientist. Four (4) Monitoring Station Cameras. Four (4) Tuff Book Laptops. One (1) Sonar Monitoring Unit.

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 22: NUTRIA ERADICATION PROGRAM

The Governor's budget requests \$2.92 million General Fund in Fiscal Year (FY) 2023-24, \$2.82 million in FY 2024-25, and \$2.82 million in FY 2025-26 to continue its Nutria Eradication Program (NEP) efforts. Due to exhausting grant funding, the NEP is facing a 60% budget deficit beginning in FY 2023-24 and needs funding to continue nutria eradication efforts.

This request also includes the following equipment purchases: Two (2) ZEV 4x4 pickups for the existing Environmental Scientists.

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 23: OIL AND POLLUTION RESPONSE RESOURCES

The Governor's budget requests \$1.25 million Oil Spill Prevention and Administration Fund in FY 2023-24, and \$896,000 ongoing to perform operations related to oil spill response and support. As part of the follow up assessment to the Pipeline P00547 spill response, the Office of Spill Prevention and Response (OSPR) has identified an immediate need for additional resources to close operational gaps and improve response activities.

This also includes the following equipment: \$100,000 for two Small Unoccupied Aircraft Systems (sUAS), \$100,000 for one Mobile Command Center, and \$150,000 for Communications Equipment.

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 24: WILDLIFE CONNECTIVITY ON THE STATE HIGHWAY SYSTEM (AB 2344)

The Governor's budget requests 8.0 permanent positions and \$1.98 million General Fund in Fiscal Year (FY) 2023-24 and ongoing to address the workload associated with the implementation of Assembly Bill (AB) 2344 (2022). The Department will be required to consult with the Department of Transportation (Caltrans) to establish an inventory of wildlife connectivity needs and to perform assessments to identify potential wildlife connectivity barriers on the state highway system.

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 25: AVIATION PROGRAM CONTRACTS

The Governor's budget requests \$5.16 million General Fund in 2024-25, and \$5.32 million in 2025-26, to support two optional years of fixed-wing pilot and mechanics contract cost increases, as well as \$4.29 million General Fund in 2023-24, \$4.50 million in 2024-25, \$4.73 million in 2025-26, \$4.96 million in 2026-27, and \$5.21 million in 2027-28 to support three firm years and two optional years of the increased contractual costs of a follow-on aviation parts and logistics contract. The amounts requested for the aviation parts and logistics contract in this proposal are the best estimates at the time this proposal was prepared due to the timing differences between the procurement and budget processes, resulting in the Intent to Award scheduled to be issued in early 2023. It is anticipated that a spring request will be submitted to align this proposal with the final contract amounts from that Intent to Award.

The Budget Act of 2021 (2021-22 CAL FIRE Aviation Program Contracts Increases BCP) provided funding to support the incrementally increased follow-on contract costs for the fixed-wing pilots and aviation fleet mechanics through the end of the firm years of the contract with the existing vendor, which happens in 2023-24. Funding, however, was not included in for the two optional years of this contract, for part of 2024-25 and part of 2025-26, which would extend the vendors' services through December 31, 2025. During the optional year period, CAL FIRE could concurrently develop another follow-on procurement.

Staff Recommendation: Hold open pending updated cost estimates later in the year.

ISSUE 26: IMPLEMENTATION OF NEW FIRE FIGHTER PERSONAL PROTECTIVE EQUIPMENT REGULATIONS

The Governor's budget requests \$18.4 million General Fund and 12 positions starting in 2023-24, varying amounts in 2024-25 through 2026-27 (as identified in the fiscal detail sheets below), and \$13.3 million General Fund ongoing, phased in over four years, to ensure compliance with revisions made to the California Code of Regulations, title 8, Article 10.1 Safety Orders: Personal Protective Clothing and Equipment for Fire Fighters.

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 27: MOBILE EQUIPMENT REAPPROPRIATION

The Governor's budget requests budget bill language in fiscal year 2023-24 to reappropriate \$3.3 million (\$1.8 million General Fund and \$1.5 million Greenhouse Gas Reduction Fund (GGRF)) from the Budget Act of 2020 and \$4.5 million (\$2.9 million General Fund and \$1.6 million GGRF) from the Budget Act of 2021, for an additional year, allowing time to encumber and expend due to manufacturer delays and supply chain issues as a result of the COVID-19 pandemic.

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 28: WORKERS' COMPENSATION (AB 1751 AND SB 1127)

The Governor's budget requests \$1.5 million (\$1.3 million General Fund, \$62,000 Special Funds, and \$211,000 Reimbursements) and 6.0 positions starting in fiscal year 2023-24, and \$964,000 (\$719,000 General Fund, \$36,000 Special Funds, and \$209,000 Reimbursements) ongoing to address the statutory requirements set forth by Chapter 758, Statutes of 2022 (AB 1751) and Chapter 835, Statutes of 2022 (SB 1127). The request includes \$556,000 one-time in 2023-24 related to service fee increase from COVID-19 related workers' compensation (WC) claims (AB 1751). The remaining funding and positions are related to SB 1127 to manage WC cases where reductions are made to the existing 90-day liability determination period for specified first responders with specified ailments to 75 days and remove the statute of limitations and extend the length of aggregate disability payments for a single injury to specified first responders to no more than 240 weeks, and for benefits that are unreasonably delayed, provides for a penalty of five times the amount of the benefits, up to \$50,000 per claim.

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 29: PUBLIC WORKS PROJECTS TRAILER BILL

The Governor's budget requests trailer bill language to clarify CAL FIRE's authority to continue to complete public works projects which include most maintenance and repair projects. Although CAL FIRE staff have completed much of the department's maintenance and repair work for several decades, the Administration was recently made aware of the need to clean up the statute to continue to enable CAL FIRE to complete this work. As CAL FIRE is an emergency services department, it is timelier for internal CAL FIRE staff to continue to complete smaller public works projects. In addition, CAL FIRE staff are subject matter experts on the department's large inventory of mostly rural emergency services facilities. Since CAL FIRE Technical Services' staff costs are primarily supported by the General Fund, rather than charged to specific projects, it is more fiscally prudent to utilize CAL FIRE staff versus the Department of General Services for these types of smaller projects.

The language can be found online at: <https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/777>.

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.

DISCUSSION ITEMS

VARIOUS

ISSUE 1: OVERVIEW OF 2023 CLIMATE BUDGET

PANEL

- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst's Office
- Wade Crowfoot, Secretary, Natural Resources Agency

STAFF COMMENTS

The 2021-2022 and 2022-2023 budgets allocated roughly \$40 billion over six fiscal years to natural resources, and environmental protection programs within the jurisdiction of this Subcommittee (although some departments received allocations that are not within the jurisdiction of this Subcommittee but have programmatic overlap). At the time the 2021 and 2022 budgets were adopted, there was little information available on the scope of federal funding available for similar purposes, and this Subcommittee may use that information to vet adjustments to allocations.

To address a projected \$22 billion shortfall in the 2023-2024 fiscal year, the Governor has proposed \$5.8 billion in General Fund solutions across five fiscal years from natural resources and environmental protection programs. This includes \$4.1 billion in reductions and \$1.7 billion in fund shifts over the five years and \$800 million in funding delays to address this fiscal year's shortfall. This represents a 10 percent cut. The majority of the cuts are to legislative priorities.

The Governor's 2023 budget also includes trigger restorations for some of these reductions if either General Fund or Greenhouse Gas Reduction Funds come in higher than anticipated. This could limit legislative flexibility and oversight of these programs in the future and overpromise to stakeholders if the funds do not materialize.

LAO COMMENTS

The Legislative Analyst's Office (LAO) has prepared a 72 page report overviewing the 2023 climate budget proposals and making recommendations to the Legislature. The report can be found online both at this committee's website and the LAO's website: <https://lao.ca.gov/Publications/Report/4692>.

This report analyzes allocations by thematic areas, many of which include departments that are not present at today's hearing and would be better discussed at later hearings.

The thematic topics that will have the most overlap with today's scheduled departments include:

- 1) Wildfire and Forest Resilience (Discussion Item # 3)
- 2) Nature Based Activities and Extreme Heat (Extreme Heat departments will not be present today)
- 3) Coastal Resilience
- 4) Water and Drought (CNRA has some allocations, but most of this funding will be discussed later).

Executive Summary

In response to the multibillion-dollar budget problem the state is facing, the Governor's budget proposal identifies significant solutions from recent augmentations made to climate, resources, and environmental programs. This report describes the Governor's proposals and provides the Legislature with a framework and suggestions for how it might modify those proposals to better reflect its priorities and prepare to address a potentially larger budget problem. The report begins with a discussion of the Governor's overall approach, then walks through each of the Governor's proposed solutions within nine thematic areas, including describing and commenting on many of the specific proposals.

Recent Budgets Included Significant General Fund Augmentations for Climate, Natural Resources, and Environmental Programs. Combined, the 2021-22 and 2022-23 budget packages included \$27 billion—primarily from the General Fund—for a wide variety of activities related to mitigating and responding to climate change, as well as for protecting and restoring natural resources and the environment. These recent budgets also included agreements to provide additional General Fund support in the out-years to continue these activities—including \$8.7 billion in 2023-24—for a five-year total of \$40.2 billion.

Governor Proposes \$5.8 Billion in General Fund Solutions Across Five Years From These Programs. The Governor's budget proposal would generate \$5.5 billion in General Fund savings from climate, resources, and environmental programs in 2023-24—\$3.8 billion from spending reductions, \$875 million from reducing General Fund and backfilling with a different fund source (primarily the Greenhouse Gas Reduction Fund, or GGRF), and roughly \$800 million from delaying spending to a future year. The proposal includes additional net savings of \$300 million in the out-years (\$1.1 billion from further reductions and fund shifts, largely offset by the resumption of the delayed expenditures). The proposed approach differs by thematic area. For example, the Governor proposes reducing close to half of all the recent and planned augmentations for coastal resilience activities, but—largely due to shifting some planned program expenditures from the General Fund to GGRF—would maintain about 90 percent of intended funding for zero-emission vehicle programs.

While Important Needs Remain, Identifying Budget Solutions From These Programs Is Appropriate Given Magnitude of Recent Augmentations. As evidenced by the flooding, drought conditions, heat waves, and severe wildfires that Californians have experienced over the past year, a changing climate presents the state with significant challenges. As such, maintaining key activities supported by recent funding augmentations is important to making progress in addressing the causes and impacts of climate change. However, given the scale of the recent spending increases, even reduced amounts still will represent significant augmentations compared to historical levels for most of these programs, particularly since many

of these activities have not typically received General Fund support. Additionally, because making reductions to newly initiated activities and one-time expenditures is usually less disruptive than cutting ongoing programs and associated staff, these types of programs represent a reasonable area to focus some of the solutions needed to address the budget problem. Indeed, the Governor and Legislature chose to spend most of the recent General Fund surpluses on one-time expenditures as a form of budget resilience, with the expressed goal of avoiding making ongoing commitments that would be hard to sustain should economic conditions change. As such, making reductions to these programs can allow the Legislature to take advantage of the flexibility that was envisioned when crafting recent budgets. Moreover, given the magnitude of solutions needed to solve the anticipated budget problem, a significant focus on these one-time augmentations likely is necessary if the Legislature wants to avoid cutting ongoing programs in this or other policy areas. Through careful prioritization, the state can continue to make significant progress on its climate and environmental goals even at moderately reduced spending levels.

Governor's Overall Approach Is Reasonable, but Specific Choices Reflect Administration's Priorities. Overall, the LAO finds the Governor's proposed approach for crafting budget solutions within climate, resources, and environmental programs to be reasonable—however, it represents just one possible strategy. Because of the quantity and magnitude of recent programmatic expansions in these programs, the Legislature has numerous options for selecting a different and equally sensible package of choices that achieves roughly the same—or, as may be necessary, an even greater amount—of budget solutions as the Governor's, but that includes the activities it believes are most important to sustain.

Recommend Legislature Adopt Package of Budget Solutions Based on Legislative Prioritization Criteria. The LAO recommends the Legislature develop its own package of budget solutions based on its priorities and guiding principles. Some criteria the LAO suggests the Legislature consider include: (1) preserving activities that reflect key legislative priorities and goals, including targeting vulnerable communities that may not have the resources to undertake important activities on their own; (2) preserving funding that is needed urgently to meet pressing needs; (3) avoiding budget solutions that would cause major disruptions, such as reducing funding that has already been committed to specific projects and grantees; and, (4) considering whether other resources—such as previous budget appropriations, special funds, or federal funds—might be available to help accomplish intended activities. As the Legislature modifies program funding levels, the LAO recommends that the Legislature also consider whether it might want to refine or refocus some program features to ensure that remaining funding targets the most important populations, activities, and desired outcomes.

Other overarching recommendations to the Legislature as it crafts its solutions package include:

- Be selective when opting to delay—rather than maintain or reduce—funding.
- Reject the Governor's General Fund trigger restoration approach to maintain legislative flexibility.
- Reject or modify the Governor's proposed GGRF trigger approach to maintain legislative flexibility.

- Use the spring budget process to identify additional potential budget solutions for climate, resources, and environmental programs.
- Weigh the relative priority of new spending against existing commitments.
- Request additional information from the Administration on the availability of federal funding.
- Conduct robust oversight of spending and outcomes and consider whether additional program evaluations might be worthwhile.

While the LAO does not discuss every individual program proposal or craft a comprehensive alternative package of solutions, throughout the thematic sections of this report provides examples of alternative solutions the Legislature could consider and identify specific proposals that raise some concerns.

Figure 1

Recent and Planned Augmentations to Climate, Resources, and Environmental Programs

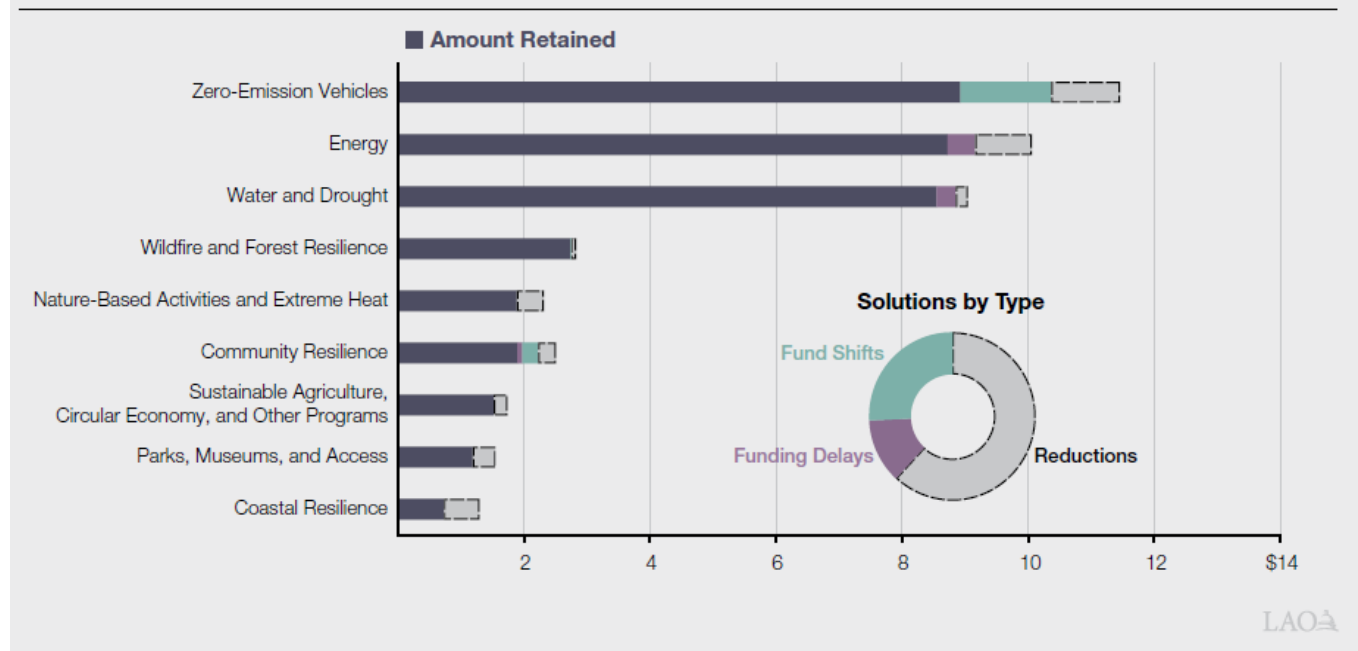
(In Millions)

Thematic Area	2021-22	2022-23	2023-24	2024-25	2025-26	Totals
Zero-Emission Vehicles	\$3,351	\$3,168	\$2,107	\$858	\$460	\$9,944
Energy	2,425	3,002	2,626	654	918	9,625
Water and Drought	5,508	1,435	1,119	133	558	8,752
Wildfire and Forest Resilience	526	968	630	690	—	2,814
Nature-Based Activities and Extreme Heat	186	1,384	743	—	—	2,314
Community Resilience	522	935	715	—	—	2,172
Sustainable Agriculture, Circular Economy, and Other Programs	944	795	33	—	—	1,771
Parks, Museums, and Access	915	420	88	96	27	1,548
Coastal Resilience	19	606	652	19	—	1,295
Totals	\$14,395	\$12,714	\$8,713	\$2,450	\$1,963	\$40,236^a

^a Includes \$33.7 billion from the General Fund and \$6.4 billion from other fund sources, including the Greenhouse Gas Reduction Fund and Proposition 98.

Figure 2

Governor's Proposed Changes to Climate, Resources, and Environmental Programs 2021-22 Through 2025-26 (In Billions)



Staff Recommendation: Informational, no action needed.

ISSUE 2: GENERAL FUND SOLUTIONS

The Governor's budget proposes the following cuts, delays, and fund shifts for departments scheduled for today's hearing to address lower than expected General Fund revenues:

CNRA:

- 1) **Museum Grant Program:** \$29 million reduction from the total \$50 million.
 - a. This allocation was intended to help museums and cultural centers with loss of revenue during COVID 19. Applications were due March 11, 2022. CNRA received 139 proposals, requesting a total of \$44,623,111.
 - b. Currently, 64 projects are slated to be recommended for board approval to the CCHE Board on February 24, 2023, which would be funded from the \$21 million that was maintained. The agency can provide a list once the board approves the grant awards.
- 2) **Recreational Trails and Greenways Program:** \$35 million reduction from the total \$35 million.
 - a. This program provides grants for non-motorized recreational infrastructure development and enhancements that promote new or alternate access to parks, waterways, outdoor recreational pursuits, and forested or other natural environments to encourage health-related active transportation and opportunities for Californians to reconnect with nature.
 - b. The agency has stated that this reduction will not have a significant program impact because other investments have been made in this program at the Department of Parks and Recreation.
 - c. In 2020, this program awarded \$27.7 million from Prop 68 and received 170 applications for a total of \$400 million.
- 3) **Urban Greening:** \$100 million reduction in 2023-24 from the \$250 million total.

State Coastal Conservancy:

- 4) **San Francisco Bay Wetlands Restoration:** \$10.4 million reduction of \$11 million total. \$10.4 million is in the General Fund trigger restoration.
- 5) **Explore the Coast:** \$2.6 million reduction of \$14 million total.
- 6) **Coastal Protection and Adaptation:** \$325 million reduction of \$500 million total. \$175 million is in the General Fund trigger restoration.
- 7) **Sea Level Rise.** \$156 million reduction of \$564 million total. \$50 million is in the General Fund trigger restoration.

Ocean Protection Council:

- 8) **Ocean Protection:** \$79.5 million reduction of \$202 million total.

Department of Fish and Wildlife:

- 9) **Complete Fine-Scale Vegetation Mapping for California:** \$20 million reduction of \$40 million total.
- 10) **Natural Community Conservation Program Planning and Land Acquisition.** \$6 million reduction of \$36 million total. \$6 million is in the General Fund trigger restoration.

Department of Conservation:

- 11) **Sustainable Agricultural Lands Conservation Program:** \$25 million reduction of \$25 million total.
- 12) **Climate Smart Land Management Program.** \$4 million reduction of \$20 million total. \$4 million is in the General Fund trigger restoration.

Wildlife Conservation Board:

- 13) **San Joaquin Valley Flood Plain Restoration.** \$40 million reduction of \$40 million total. \$40 million is in the General Fund trigger restoration.
- a. This program is intended to reduce flood risk, help recharge groundwater aquifers by allowing flood flows to spread out and sink in, sequester carbon, restore fish and wildlife habitat, and create jobs and recreational opportunities for underserved Central Valley communities. Recent news articles have highlighted the flood risk dangers in the San Joaquin Valley and the success of similar projects in protecting communities, wildlife, and water supplies.
 - b. These funds were originally appropriated in FY 2021 at a total of \$60 million but were diverted for other purposes ignoring the legislative intent.
- 14) **Watershed Climate Resilience: Cascades and High Sierra Upperwatersheds.** Delays \$99 million in 2022 and 2023 FY to 2024 FY. Total cut of \$12 million of \$175 million.
- 15) **Watershed Climate Resilience: Land Acquisitions and Habitat Enhancement.** Delays \$99 million in 2022 and 2023 FY to 2024 FY. Total cut of \$12 million of \$159 million.
- 16) **Watershed Climate Resilience.** Delays \$72 million of \$161 million total to 2024.
- 17) **Protect Fish and Wildlife from Changing Conditions.** \$35 million reduction from \$353 million total.

State Conservancies:

- 18) **Support for Nature-Based Solutions.** \$100 million reduction from the \$170 million total. These conservancies also received funds for specific projects. The general nature based solutions cuts are from the following conservancies:

State Conservancies Breakout	2023-24 (millions)
Santa Monica Mountains	\$13.250
Sierra Nevada	\$26.250
Rivers & Mountains	\$13.250
San Diego River	\$12.250
Sacramento-San Joaquin Delta	\$7.375
Tahoe Conservancy	\$8.375
Coachella Valley	\$5.083
SJ River Conservancy	\$2.083
Baldwin Hills Conservancy	\$2.083
State Coastal Conservancy	\$10
Total	\$100

California Conservation Corps:

- 19) **Local and Tribal Nature-Based Solutions Corps.** \$23.5 million reduction from \$49 million total. The cut is only for local corps. \$12.5 million for local corps is in the General Fund trigger restoration.

PANEL

- Krystal Acierto, Principal Program Budget Analyst, Department of Finance
- Bryan Cash, Assistant Secretary for Administration and Finance, Natural Resources Agency
- Lizzie Urie, Staff Finance Budget Analyst, Department of Finance
- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst's Office
- Sonja Petek, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Helen Kerstein, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

STAFF COMMENTS

This Subcommittee may wish to ask the following questions:

- Has the state applied for or received any federal IRA/IIJA dollars for similar purposes? Is there any federal funds that entities could apply for directly for these projects?

CNRA:

Museum Grant Program:

- Why did the agency wait so long to hold a CHHE board meeting to approve these grant funds when the appropriation was made in 2021, permanent staff were provided in 2022, and these funds were specific to COVID 19?
- Can you please provide us with a list of the awards that were funded and applications that were not.
- Why were only 64 projects awarded out of the 139 applications? Did they not meet the criteria?

Recreational Trails and Greenways Program:

- Please explain what investments Parks has made into similar programs.
- Were the Parks investments available for local communities or only within state parks?
- With an oversubscription of \$372 million, why was this program a priority to cut?

Urban Greening:

- How many trees will not be planted because of this \$100 million reduction? How many GHG emissions will not be reduced? How many communities will not be funded?

Water Resilience:

- Previous budgets allocated \$445 million to CNRA for water resilience projects. At that time, the Administration had not provided a list of projects they anticipated to fund and it was believed that these funds would be used only to benefit water districts that signed voluntary agreements. With these funds allocated but uncommitted, can CNRA provide us an update on what entities or projects will be eligible for these funds, and how the agency will ensure that the entire state, or at a minimum underserved communities hardest hit by drought, can benefit from these funds?

Various:

- What impacts will these cuts have on programs?
- How did the Administration take the cost of non-action into account when deciding what programs to cut? For example, what is the financial risk to the state by reducing the amount of funding for sea level rise prevention or coastal resilience?

- How will significant cuts to nature based solutions impact our ability to reach our 30x30 conservation goals? Where are we towards achieving that goal?
- How will these cuts impact our ability to reach our 2030 GHG targets? Have you quantified the emissions impacts of any of these cuts?
- If flood prevention, especially in the Central Valley, is a priority for this year's budget, why does the budget propose to eliminate the \$40 million to restore floodplains in the San Joaquin Valley?

Staff Recommendation: Hold Open.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)

ISSUE 3: WILDFIRE PREVENTION AND FOREST RESILIENCE IMPLEMENTATION UPDATE AND GENERAL FUND SOLUTIONS

Over the last two budgets, the Legislature approved \$2.8 billion for wildfire prevention and forest resilience over multiple budget years and multiple departments.

Recent and Planned Wildfire and Forest Resilience Augmentations

Highlighted Rows Indicate Programs Governor Proposes for Budget Solutions
General Fund, Unless Otherwise Noted (In Millions)

Program	Department	2020-21	2021-22	2022-23	2023-24	Totals
Resilient Forests and Landscapes		\$204	\$383	\$272	\$280	\$1,139
Forest Health Program ^a	CalFire	\$155	\$160	\$120	\$120	\$555
Stewardship of state-owned land	Various	30	145	65	65	305
Post-fire reforestation	CalFire	—	—	50	50	100
Forest Improvement Program ^a	CalFire	10	40	11	14	75
Forest Legacy Program ^a	CalFire	6	10	14	19	49
Tribal engagement	CalFire	1	19	10	10	40
Reforestation nursery	CalFire	2	9	2	2	15
Wildfire Fuel Breaks		\$148	\$236	\$190	\$192	\$766
Fire prevention grants ^a	CalFire	\$123	\$120	\$115	\$117	\$475
Prescribed fire and hand crews ^a	CalFire	15	49	35	35	134
CalFire unit fire prevention projects	CalFire	10	40	20	20	90
Forestry Corps and residential centers ^a	CCC	—	27	20	20	67
Regional Capacity		\$119	\$199	\$55	\$155	\$528
Conservancy projects	Various Conservancies	\$69	\$139	\$35	\$135	\$378
Regional Forest Capacity Program	DOC	50	60	20	20	150
Forest Sector Economic Stimulus		\$25	\$51	\$72	\$22	\$170
Workforce training grants	CalFire	\$6	\$18	\$15	\$15	\$54
Biomass to hydrogen/biofuels pilot	DOC	—	—	50	—	50
Climate Catalyst Fund Program	IBank	16	33	—	—	49
Transportation grants for woody material	CalFire	—	—	5	5	10
Market development	OPR	3	—	2	2	7
Science-Based Management and Other		\$3	\$79	\$19	\$19	\$120
Monitoring and research	CalFire	\$3	\$20	\$7	\$8	\$38
Remote sensing	CNRA	—	25	3	2	30
Prescribed fire liability pilot	CalFire	—	20	—	—	20
Permit efficiencies	CARB, SWRCB	—	4	4	4	12
State demonstration forests	CalFire	—	—	5	5	10
Interagency Forest Data Hub	CalFire	—	10	—	—	10

Community Hardening		\$27	\$20	\$22	\$22	\$91
Home hardening	OES, CalFire	\$25	—	\$13	\$12	\$50
Defensible space inspectors	CalFire	2	\$13	5	5	25
Land use planning and public education	CalFire, UC ANR	—	7	4	5	16
Totals		\$526	\$968	\$630	\$690	\$2,814

^a Includes Greenhouse Gas Reduction Fund.

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.

General Fund Solutions

The Governor's budget requests to make the following cuts and fund shifts to the following programs from the wildfire prevention and forest resilience package:

Governor's Proposed Wildfire and Forest Resilience Budget Solutions

2020-21 Through 2023-24 (In Millions)

Program	Department	Total Augmentations	General Fund Reductions	Backfill With Fund Shift	New Proposed Amounts
Programs Proposed for Solutions					
Stewardship of state-owned land	Various	\$305	-\$25	—	\$280
Workforce training grants	CalFire	54	-15	\$14 ^a	53
Climate Catalyst Fund Program	IBank	49	-41	—	8
Monitoring and research	CalFire	38	-5	—	33
Defensible space inspectors	CalFire	25	-5	—	20
Subtotals		(\$471)	(\$91)	(\$14)	(\$394)
All Other Wildfire and Forest Resilience Funding		\$2,343	—	—	\$2,343
Totals		\$2,814	-\$91	\$14	\$2,737

^a Governor proposes to shift funding to Proposition 98.

CalFire = California Department of Forestry and Fire Protection and IBank = California Infrastructure and Economic Development Bank.

PANEL

- Jessica Morse, Deputy Secretary for Forest and Wildland Resilience, Natural Resources Agency
- Stephen Benson, Principal Program Budget Analyst, Department of Finance
- Jamie Gonsalve, Finance Budget Analyst, Department of Finance
- Daniel Berlant, Acting State Fire Marshal, CalFIRE
- Matthew Reischman, Deputy Director, Resource Management, CalFIRE
- Helen Kerstein, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

LAO COMMENTS**Recent and Planned Funding Augmentations**

Recent Budgets Committed \$2.8 Billion for Wildfire and Forest Resilience Packages. The state has made significant commitments in recent years to support wildfire resilience. Most of this funding has been allocated as part of three budget packages: (1) an early action package adopted in April 2021 that amended the *2020-21 Budget Act*, (2) a *2021-22 Budget Act* package, and (3) a *2022-23 Budget Act* package. As shown in Figure 13, together, these augmentations total \$2.8 billion over four years—\$526 million in 2020-21, \$968 million in 2021-22, \$630 million in 2022-23, and \$690 million planned for 2023-24. Of the \$2.8 billion total, \$2 billion is from the General Fund and the remaining \$755 million is from GGRF.

Funding Supports Various Programs and Activities. The wildfire and forest resilience packages commit funding to more than two dozen programs managed by various state agencies, with CalFire receiving the largest share (about 60 percent). As shown in Figure 13, roughly 40 percent of the funding over the four years—\$1.1 billion—is to support programs designed to promote healthy forests and landscapes, generally by removing hazardous fuels. Just over one-quarter of the funding—\$766 million—is to support the installation and maintenance of wildfire fuel breaks. The remaining funds—totaling \$909 million—are 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.

Packages Represented a Significant Increase in State Funding for Wildfire Resilience. The state historically has provided some baseline funding from the General Fund for wildfire prevention and resilience activities, typically in the tens of millions of dollars annually. However, the state has greatly increased its funding for such activities in recent years. First, starting in 2017-18, the state allocated roughly \$200 million annually from GGRF to support forest health and wildfire prevention. (As part of the 2021-22 budget, the Legislature made this a continuous appropriation lasting from 2022-23 through 2028-29.) Second, the addition of one-time General Fund commitments in the packages discussed above represent unprecedented state funding to support wildfire resilience efforts. Notably, even with these recent commitments, wildfire resilience still only accounts for a relatively small share of CalFire’s overall budget (under 15 percent in 2022-23 and 2023-24), with the remainder of the department’s budget almost entirely supporting wildfire response.

Governor’s Proposals

Proposes a Few Programs for Reductions and One Fund Shift. The Governor proposes a few reductions in the area of wildfire resilience, which would have a net impact of providing \$77 million less for five programs. As shown in Figure 14, the Governor proposes to reduce General Fund support for: (1) the Climate Catalyst Fund Program (\$41 million), (2) stewardship of state-owned lands (\$25 million), (3) workforce training grants (\$15 million), (4) defensible space inspections (\$5 million), and (5) monitoring and research (\$5 million). Notably, the Governor proposes to replace \$14 million of the General Fund for workforce training grants with

Proposition 98 General Fund (for a net reduction of \$1 million). As part of this fund shift, the Governor proposes to modify the eligibility for the program to limit it to community colleges, which are eligible to receive Proposition 98 funding.

Proposes to Retain Vast Majority of the Funding From Recent Packages. Despite the reductions discussed above, the Governor's budget proposes to maintain almost all—roughly 97 percent—of the funding that has been committed in recent wildfire and forest resilience packages. The Administration indicates that it is prioritizing retaining funding for wildfire and forest resilience in recognition of the urgency of reducing the risk of catastrophic wildfires.

Assessment

Wildfire Resilience Continues to Represent an Urgent and Critical Issue. The LAO finds that prioritizing maintaining support for programs aimed at improving the state's resilience to wildfires has merit. California has experienced a pattern of increasingly severe wildfires in recent decades, driven by climate change and poor forest management. These wildfires have had major consequences for local communities and the broader state, including loss of life, property, and habitats. Furthermore, the scale of the effort that will be required to make the state resilient to wildfires is so large—involving treating millions of acres and protecting millions of homes in high fire-risk areas over the coming years—that it will take significant, sustained funding to accomplish. Accordingly, the LAO thinks that it makes sense to be selective about reductions to wildfire and forest resilience funding to continue the state's efforts in this area.

Most Proposed Solutions Appear Reasonable. While all of the Governor's proposed wildfire and forest resilience-related solutions come with trade-offs, on balance, the LAO finds most to be reasonable in light of the state's anticipated budget challenges.

- ***Climate Catalyst Program Is New and Untested.*** The intent of the new Climate Catalyst Fund Program is to provide low-interest rate loans to private-sector projects—such as building materials manufacturing and energy generation—that use materials remaining from fuel reduction projects, with the ultimate goal of creating a sustainable wood products market. While funding was initially allocated in 2020-21, the program has taken time to launch and no awards have been made thus far. Given this, reducing funding for this program likely would be less disruptive than for some other programs that already are well underway. Additionally, as this is a new activity, the program's effectiveness in achieving its stated goals is unclear. Reducing the funding for this program should still allow it to support one or two pilot projects. The Legislature could consider adding funding in a future year if evidence suggests the program is successful at achieving its goals.
- ***Reducing Funding for Stewardship of State Land Justifiable Given Delays in Relevant Regulations.*** The LAO also finds justification for the Governor's proposal to partially reduce funding for stewardship of state-owned land. CNRA departments—such as the Department of Parks and Recreation (Parks), CDFW, and CalFire—had planned to use the \$25 million in funding now proposed for reduction to help bring their buildings in high fire-risk zones into compliance with new defensible space

regulations required by Chapter 259 of 2020 (AB 3074, Friedman). However, the relevant regulations have not yet been promulgated, so CNRA indicates the funding is not yet necessary. Additionally, Parks and CDFW have received other allocations of funding for stewardship of state-owned land that the Governor is not proposing to reduce, which they could use to support these compliance efforts. The LAO notes, however, that maintaining required defensible space around state facilities is a core state responsibility and has important safety implications. Accordingly, should the Legislature adopt this proposed reduction, it may want to consider providing funding in a future year should departments determine it is needed to ensure safety and compliance.

- ***Shift of Workforce Training to Proposition 98 Worth Considering Given General Fund Condition.*** On balance, the LAO also finds that shifting funds for workforce training to Proposition 98 merits consideration as a budget solution. Community colleges have received a portion of the past grant funding from this CalFire program (\$2.3 million of \$18 million appropriated in 2021-22 from the General Fund outside of Proposition 98). Additionally, community colleges already play an important role in helping develop the forestry workforce. Currently, eight community colleges offer two-year degree and/or certificate programs in forestry, and 55 colleges offer them in fire technology or wildland fire technology. Together, these colleges have granted about 100 forestry associate degrees and certificates, as well as about 2,500 fire and wildland fire technology associate degrees and certificates annually in recent years. Given the existing role community colleges play in this area and their past history of receiving grant funds under this program, providing them with workforce training grant funds would take advantage of their expertise and experience. The LAO notes that despite this, limiting grants to community colleges could exclude some potentially worthwhile recipients from the program. Also, shifting these costs to Proposition 98 would mean fewer resources available for other eligible activities using that fund source. However, the LAO thinks that these trade-offs are reasonable given available Proposition 98 resources, workforce development goals, and the General Fund (non-Proposition 98) condition.

Proposed Reduction to Defensible Space Inspector Funding Raises Potential Concerns. While most of the Governor's proposed solutions appear reasonable, the LAO has identified one that raises some potential concerns. Specifically, the Governor proposes to reduce funding for CalFire defensible space inspectors by \$5 million. These inspectors are tasked with assessing homeowner compliance with the state's defensible space requirements in certain areas of the state. As the LAO noted in the September 2021 report, [*Reducing the Destructiveness of Wildfires: Promoting Defensible Space in California*](#), CalFire has consistently failed to meet its goal of conducting defensible space inspections on each eligible parcel at least once every three years. Inspections play a valuable foundational role in the state's defensible space program and can help the state track and evaluate its efforts to promote compliance with these safety requirements. Additionally, inspectors can help to educate homeowners about activities they can conduct to make their homes safer from wildfires. Accordingly, the LAO has recommended increased ongoing resources for CalFire defensible inspections. The Governor's proposed reduction runs counter to this recommendation, and the LAO is concerned it could impede the effectiveness of the state's efforts to encourage properties to maintain defensible space.

Legislature Could Consider Making Reductions to Some Other Programs. The Legislature could consider making some other targeted reductions, in place of or alongside those proposed by the Governor. Two programs that could be potential candidates for reduction include:

- **Transportation of Woody Biomass.** The budget provided \$5 million in 2022-23 and committed \$5 million more for 2023-24 to develop a new program aimed at reducing the costs of transporting woody biomass, with the goal of reducing combustible material left in the state's forests. The LAO thinks it is worthwhile to consider making reductions to this program for a few reasons. First, it is new and thus how effective it will be at improving the state's resilience to wildfires is uncertain. Second, some of the state's existing programs already support the transportation of woody biomass. For example, CalFire's Wildfire Prevention grant program has provided about \$70 million annually over the past two grant cycles in part for this same activity. The extent to which this new program is needed is therefore not clear. The LAO thinks retaining the \$5 million appropriated in 2022-23 for this program would be reasonable, since CalFire has already released the grant solicitation. However, the Legislature could eliminate the \$5 million commitment for 2023-24. In so doing, the Legislature could treat the initial \$5 million as a pilot and then decide whether to expand the program at a later date based on whether it is able to demonstrate cost-effectiveness at improving wildfire resilience.
- **Home Hardening.** The Legislature could also consider reducing a new pilot program to provide financial assistance to homeowners in a few communities to conduct home hardening activities. The Legislature initiated this pilot program through the passage of Chapter 391 of 2019 (AB 38, Wood). This legislation also required a report to be completed by 2024 assessing the cost-effectiveness of defensible space and home hardening compared to other activities to help facilitate the Legislature's evaluation of the effectiveness of the pilot. The initial \$25 million for this program was provided in 2020-21. However, the process of developing the program has been lengthy and no awards have been made to date. Currently, the Administration indicates that it anticipates providing funding for the first round of pilot communities this spring. The Legislature could consider decreasing the funding for this program—such as by reducing or eliminating the combined \$25 million in 2022-23 and 2023-24 for a future round of pilot communities—given that it is in the early stages of implementation and no outcome data is yet available. It could then decide whether to expand it based on whether the program is able to demonstrate cost-effectiveness at improving wildfire resilience.

Potential for Some Federal Funds to Support Wildfire Resilience, but Details Lacking. The IIJA and the Inflation Reduction Act included substantial funding to support forestry and wildfire resilience. The details of much of this funding, including how much California will receive, still are emerging. However, in some cases, it appears the legislation supports activities similar to those the state committed to funding. For example, the Inflation Reduction Act includes a total of over \$3 billion for several programs aimed at conserving private forestlands and managing vegetation on federal, state, and private lands, among other activities. Additionally, IIJA provides the U.S. Forest Service with close to \$3 billion to support various activities that reduce the risk of wildland fire and restore ecosystems on federal forestlands, as well as an additional \$1 billion

for a new competitive grant program to assist at-risk communities in planning for and mitigating wildfire risk. It will be important for the Legislature to understand more about how these federal programs align with state investments, which may become clearer by the spring. To the extent federal funding mirrors the same types of activities, it could help to partially mitigate state reductions.

Recommendations

Modify Governor's Wildfire Proposal Consistent With Legislative Priorities. The LAO recommends the Legislature develop its own package of budget solutions based on its priorities and the guiding principles the LAO identifies in their report. As it does so, the LAO suggest the Legislature be judicious about targeting any reductions in the area of wildfire and forest resilience, given its overall urgency and importance. Based on their review, the LAO thinks it is reasonable for the Legislature to consider adopting most of the Governor's proposed reductions since they align with many of the principles identified in the report. The LAO does, however, recommend the Legislature consider rejecting the Governor's proposed reduction of \$5 million for defensible space inspectors given the foundational value they play in educating homeowners and promoting data collection and compliance with state defensible space laws. The LAO also recommends the Legislature consider adopting additional solutions, either in place of or in addition to those proposed by the Governor. The home hardening grant and transportation of woody biomass are two examples of programs that are potential candidates for reductions. By reducing but not eliminating their funding, the Legislature could gain information on their effectiveness before determining whether to expand them. The potential availability of federal funds to support similar purposes could mitigate the impacts of potential reductions. Since the details about these funds are still emerging and departments are often well-positioned to secure timely information, the LAO recommends that the Legislature request updates from the Administration in the spring on the funding that departments are tracking and how it aligns with state commitments for similar purposes.

STAFF COMMENTS

This Subcommittee may wish to ask:

- Can you tell us what funds are still remaining that were appropriated in 2021 or 2022 fiscal years? Why have these funds not been committed?
- With cuts to defensive space and remote sensing, how will this impact our ability to prevent and respond to wildfires? How many defensive space inspections will not be performed? Will the reductions reduce the amount of follow-up on identified violations?
- Given that 2022 had significantly fewer wildfires and generally smaller fires combined with the significant resources provided, has CalFIRE (and the other respective departments) increased wildfire prevention and mitigation activities including prescribed fire, vegetation management and forest thinning projects, defensive space inspections, and fire breaks? Can you quantify this and compare it to previous years? How many acres were treated

toward the state goal of 500,000 acres per year? If not we have not seen an increase in these activities, can you tell us why?

- 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?
- Public Resources Code 4137 (AB 203, Budget, 2022) requires CalFIRE, by December 31, 2022, to develop a standardized protocol for monitoring implementation and evaluating the positive and negative ecological and fire behavior impacts from vegetation management projects undertaken by the state, consistent with the requirements of Chapter 387 of the Statutes of 2021 (SB 456, Laird). This applies to all wildfire prevention projects undertaken by state conservancies, the Department of Fish and Wildlife, or the Department of Parks and Recreation. What monitoring protocol have you implemented to evaluate the positive or negative effects of these vegetation projects?
- Are there any federal funds available for these purposes, including urban forestry?

Staff Recommendation: Hold Open.

ISSUE 4: VARIOUS CAPITAL OUTLAY AND RELATED SUPPORT PROPOSALS

The Governor's budget requests:

1. **Additional CAL FIRE Training Center: New Facility.** Requests \$19,229,000 General Fund for the study and acquisition phases of the Additional CAL FIRE Training Center: New Facility project. This is a new project. Total estimated project costs are \$418,920,000.
 - a. Background: The intent of this request is to find and acquire a suitable parcel for the development of an additional training center location within 30 miles of the Sacramento International Airport. Total project costs are estimated to be \$418,920,000, including study (\$545,000), 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 study phase is estimated to begin July 2023 and be completed in June 2024. The acquisition phase is estimated to begin July 2023 and be completed in June 2025. The performance criteria phase is estimated to begin July 2025 and be completed in June 2027. The design-build phase is estimated to begin July 2027 and be completed February 2030. CalFIRE states that a new training facility is needed due to expanded training needs due to reduced use of CDCR fire crews and increased positions at CalFIRE.
2. **CAL FIRE Training Center Capacity.** Requests \$12.9 million General Fund and 12.0 new positions beginning in 2023-24, \$12 million annually through completion of the new training center facility (2030), and \$3.4 million ongoing to address current issues of overcapacity at CAL FIRE Training Centers (CFTC). This request will provide funding for two temporary training facilities and includes the redirection of 12.0 existing positions. The temporary facilities and redirected positions will assist CAL FIRE in meeting current training demand while CAL FIRE develops an additional permanent training center facility. This request is critical to ensuring fire protection positions are filled and can pass probation by completing the required training offered at CFTC.
 - a. Background: This request also includes funds to lease four Type I Engines and 13 vehicles.
3. **Growlersburg Conservation Camp: Replace Facility.** Requests \$4,548,000 General Fund for the working drawings phase of the Growlersburg Conservation Camp: Replace Facility project, to replace the existing facility, located in El Dorado County. This is a project that was originally approved in 2006 and never completed. Total estimated project costs are \$100,162,000.
4. **Hayfork Fire Station: Relocate Facility.** Requests \$1,500,000 General Fund for the acquisition phase of the Hayfork Fire Station: Replace Facility project, located in Trinity

County. This is a new project, due to the existing lessor increasing their leasing price. Total estimated project costs are \$15,930,000.

5. **L.A. Moran Reforestation Center Improvements.** Requests \$50,000 General Fund for the working drawings phase of the L.A. Moran Reforestation Center Improvements project, located in Yolo County. This is a continuing project to expand reforestation capabilities. Total project costs are estimated at \$5,826,000.
6. **Land Acquisition: Almaden Fire Station.** Requests \$1,500,000 General Fund for the acquisition phase of the Land Acquisition: Almaden Fire Station project, located in Santa Clara County. This is an existing site. The total estimated project costs are \$1,500,000.
7. **Property Acquisitions: Camp Fox, Boys Ranch, and Sierra Elementary.** Requests \$4,000,000 General Fund for the acquisition phase of three properties: Camp Fox (San Diego County), Boys Ranch (Sacramento County), and Sierra Elementary (Fresno County). This is a new project. Total estimated project costs are \$4,000,000.
8. **Rohnerville Air Attack Base: Replace Fuel System.** Requests \$60,000 General Fund for the preliminary plans phase and working drawings phase of the Rohnerville Air Attack Base: Replace Fuel System project, located in Humboldt County. This is a new project. The total estimated costs of the project are \$2,005,000.
9. **Self-Generating Power Projects in Tehama-Glenn and Fresno-Kings Units.** Requests \$1,000,000 General Fund for the working drawings phase of the Self-Generating Power Projects in Tehama-Glenn and Fresno-Kings Units project. This project includes the purchase and installation of renewable energy (e.g., solar array, wind power generation, and clean back-up power supplies with supporting infrastructure) for state-owned facilities within two administration units: Tehama-Glenn and Fresno-Kings. This is a continuing project. Total project costs are estimated at \$30,100,000.

PANEL

- Joe Tyler, Director, CalFIRE
- Bret Gouvea, Deputy Director Cooperative Fire, CalFIRE
- Mike Duggan, Assistant Deputy Director Technical Services, CalFIRE,
- Michael McGinness, Principal Program Budget Analyst, Department of Finance
- Vy Nguyen, Staff Budget Analyst, Department of Finance
- Helen Kerstein, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

LAO COMMENTS

Recommend Partially Funding Proposals for New Training Center (Items 1 and 2). The Governor's budget includes two related proposals focused on building a new training facility: (1) funding for the study and acquisition phase of the proposed project to construct the new facility, and (2) funding to support 12 new ongoing positions related to the center, as well as

limited-term funding to support costs associated with leasing and operating temporary training facilities.

The LAO recommends that the Legislature approve funding for the study—with a revised scope—to inform legislative decision-making regarding whether and how to proceed with the project. We recommend rejecting the proposed funding for the acquisition phase of the project since it would be premature to approve such costs before the project's study is complete and before a forthcoming master plan for one of the state's main existing training centers is available for legislative review. Additionally, the LAO recommends rejecting the requested facility-related staff positions since they are not adequately justified. Finally, the LAO recommends approving some level of additional funding for temporary training facilities but seeking additional information from CalFire to justify the appropriate level.

Recommend Rejecting Growlersburg Conservation Camp Proposal (Item 3). The Governor proposes funding the working drawings phase of a capital outlay project to replace the facilities and infrastructure at the Growlersburg Conservation Camp in El Dorado County.

The LAO recommends that the Legislature reject the proposal for a few reasons. First, the state may not need the Growlersburg Conservation Camp given the decline in the conservation camp population and the existence of a California Conservation Corps (CCC) facility within close proximity. Second, to the extent the state wants to retain a greater presence in the region than is provided by nearby CCC facilities and conservation camps, whether a conservation camp would be the most appropriate facility is not clear. Third, the costs of the project are much higher than anticipated. Fourth, the project is not a clear priority—particularly in light of the General Fund condition—given that it currently is serviceable.

STAFF COMMENTS

This Subcommittee may wish to ask the following questions to better vet the appropriateness of these proposals:

- Why were the new projects not proposed during the budget surpluses of the past two years or incorporated into prior 5 year infrastructure plans?
- Can you provide us a ranking of which new and in progress capital outlay projects are the most mission critical? Given the current budget deficit, the State may be unable to finish the currently approved projects as well as these newly proposed projects.

New Training Facility:

- Why are you seeking to acquire the property before you study it?
- Why are you seeking a new facility when a new dormitory was built at lone as recently as 2020?

- Why are you seeking permanent ongoing staff for the facility now when your proposal is only for the study and acquisition phase?

Growlersburg:

- Given that conservation camps (excluding LA County), are only at 54% capacity why are you seeking the rebuild and expand this camp?
- Given the strategic location of this camp and it's sawmill, why are you not proposing to expand this facility even further while closing other conservation camps?

Camp Fox, Boys Ranch, and Sierra Elementary:

- What are the future costs for construction and maintenance of these properties? Why were they not studied first?

Staff Recommendation: Hold open pending a priority list of projects.

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