

AGENDA
JOINT INFORMATIONAL HEARING
GOVERNOR'S EMERGENCY RESPONSE INITIATIVE

ASSEMBLY BUDGET SUBCOMMITTEES NO. 3 AND 4
Natural Resources and Environmental Protection
State Administration

Assemblymember Ira Ruskin, Chair
Assemblymember Juan Arambula, Chair

WEDNESDAY, APRIL 22ND, 2009
STATE CAPITOL, ROOM 447
9:00A.M.

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0690 – CALIFORNIA EMERGENCY MANAGEMENT AGENCY

ISSUE 1: EMERGENCY RESPONSE INITIATIVE EXPENDITURES

Background. The Governor's 2009-10 budget proposed to levy a 2.8 percent surcharge on insurance policy premiums statewide and to use the revenue to support emergency response activities at the California Emergency Management Agency, the Department of Forestry and Fire Protection, and the California Military Department. The proposed implementation schedule is projected to result in \$69.5 million in revenues in 2009-10, growing to \$277.8 million in 2010-11 and ongoing. A comprehensive summary of revenues and expenditures for the Emergency Response Initiative, as proposed in the Governor's budget, is attached (Attachment I).

The Governor's budget included the following new expenditures for the California Emergency Management Agency from Emergency Response surcharge revenue:

- 1. Wildland Firefighting Engine Fleet.** The California Emergency Response Agency (CalEMA) currently owns 141 fire engines and related equipment used and housed by local firefighting agencies in wildfire emergencies. A 2003 Governor's Blue Ribbon Commission recommended that the state's fleet be expanded to 272 fire engines in order to improve the state's ability to respond during wildfire emergencies. The budget proposed to purchase an additional 131 engines over five years for the CalEMA fleet, bringing the total number of state-owned engines to the recommended level. The cost for this proposal is about \$13 million annually for five years, which includes six additional staff to manage the expanded fire engine fleet.

LAO Recommendation: Reject Wildland Firefighting Engine Fleet. According to the LAO, the additional fire engines requested would be used to mitigate potential deficiencies in fire fighting equipment, rather than addressing an immediate need. The existing mutual aid network—the system for sharing resources at the local, state, and national level in the event of an emergency—has allowed the state to successfully manage fire fighting resource needs in generally short timeframes when emergencies occur. Within the state, resources are often secured and relocated within a few hours. Out-of-state resources have also been generally secured in a few hours, with more distant resources available in two to five days. While expanding the state's ability to respond to wildfires may be an appropriate goal for the Legislature to pursue in the future, the LAO recommends rejection of the proposal to approximately double CalEMA's fire engine fleet over the next five years given the persistence of the state's fiscal crisis.

- 2. Addition of Staff at Regional Offices.** The CalEMA's three regional offices coordinate the efforts of state and local resources during and after emergencies. The administration's budget requested a total of 19 additional positions in these offices to improve the state's response in an emergency. The cost for this proposal is about \$3.2 million (\$1.6 million federal funds and \$1.6 million Emergency Response Fund) in the budget year.

LAO Recommendation: Approve Some of the Regional Expansion Using Federal Funds. The requested resources would be used to mitigate potential deficiencies in services when multiple disasters occur simultaneously and in different regions of the state. This request does not address an immediate need in the emergency services being provided. The Legislature approved the use of federal funds for similar purposes in the form of grants to local governments in 2008-09 while rejecting the administration's request for state matching funds. Consistent with the prior funding approach, the LAO recommends rejection of the requested Emergency Response Fund matching funds, while reauthorizing the federal funds as grants to local governments.

- 3. Administration of the Emergency Response Fund.** The Governor's budget requested ten positions to administer the Emergency Response Fund, collect revenues, and audit the use of the funds. The cost of this proposal is \$650,000 in the budget year, increasing to \$1.3 million in 2010-11 and beyond.

LAO Recommendation: If Insurance Surcharge Is Approved, Fund Administrative Staff at Department of Insurance. The LAO does not recommend approval of the insurance surcharge. Alternatively, the LAO would fund the requested programmatic augmentations with General Fund and federal dollars. However, if the Legislature does approve the insurance surcharge, then the LAO believes it would be more appropriate to fund administration of the program through the Department of Insurance which collects existing insurance-related taxes.

- 4. Law Enforcement Mutual Aid Support.** There are seven mutual aid regions in the state. Five of the seven regions are overseen by a Law Enforcement Coordinator who serves as the contact person for local law enforcement when additional resources are needed to respond to an emergency. The Law Enforcement Coordinator also facilitates the deployment of state resources (for example, CHP officers) or resources from other areas to the afflicted area and trains local law enforcement on how to use the mutual aid network effectively. This proposal would provide the remaining two regions with Law Enforcement Coordinators. The proposal would also provide two Emergency Services Coordinators—one for the Mass Fatality Management Program and one for the Search and Rescue Mutual Aid Program—to improve planning and coordination in these programs. The cost of this proposal would be \$560,000 in the budget year.

LAO Recommendation: Approve Law Enforcement Mutual Aid Support. Law enforcement coordinators play a unique role in managing the deployment of law enforcement resources in an emergency. The Mass Fatality Management and Search and Rescue Mutual Aid programs have experienced increased workloads. Therefore, the LAO recommends approval of the four staff requested.

- 5. Study of Goods Deployment.** The CalEMA reports that it has limited ability to rapidly (within the first 24 hours of an emergency) deploy emergency response goods to vulnerable populations in the event of an emergency or disaster event. The administration proposed to study how to store, manage, and transport critical goods immediately after an emergency or disaster event. The proposed cost to hire a contractor

to complete the study is about \$500,000 in 2009-10 (the length of time to complete the study and associated out-year costs are unknown at this time).

LAO Recommendation: Reject Study of Goods Deployment. The LAO recommended delaying funding for the study of how to best store, manage, and transport critical goods immediately after an emergency or disaster. While this may be a reasonable request, the LAO does not recommend it at this time given the state's fiscal condition.

6. **Sacramento-San Joaquin Delta Task Force Study.** *Chapter 608, Statutes of 2008 (SB 27, Simitian)*, requires CalEMA to establish a Sacramento-San Joaquin Delta Multi-Hazard task force that will submit a report to the Governor and Legislature prior to January 1, 2011 on a proposed emergency preparedness and response strategy for the Delta region. The budget proposed to add two limited-term positions to establish the task force at a cost of \$360,000 in the budget year.

LAO Recommendation: Reject Sacramento-San Joaquin Delta Task Force Study. The LAO recommended delaying implementation of Chapter 608, which would provide staff to establish a Sacramento-San Joaquin Delta Multi-Hazard task force. Again, while this is a reasonable proposal, the LAO recommended that it not be approved at this time given the state's fiscal condition.

7. **California State Warning Center.** The Legislature approved seven additional staff for the State Warning Center in 2006-07. However, the Legislature did not provide additional staff to supervise these employees. This proposal would add one additional supervisor for Warning Center staff. The cost of the proposal is \$181,000 in the budget year.

LAO Recommendation: Reject California State Warning Center. The LAO recommended rejection of funding for the supervisor at the Warning Center because it is not clear that the requested resources would be used to mitigate a critical deficiency in services provided by the state.

8. **State Emergency Command Center.** The CalEMA currently contracts with CalFire for 3.5 fire captains to provide dispatching support in the State Emergency Command Center. State dispatching workload has increased due to the large number of fires throughout California. The administration proposed to reimburse CalFire for an additional full time fire captain at the State Emergency Command Center at a cost of \$155,000 annually.

LAO Recommendation: Approve State Emergency Command Center. The LAO recommend the Legislature provide CalEMA with the funds to reimburse CalFire for the cost of one additional staff. This transfer would improve CalEMA's ability to track and manage deployed fire and rescue resources during a fire.

3540 – DEPARTMENT OF FORESTRY AND FIRE PROTECTION

ISSUE 1: EMERGENCY RESPONSE INITIATIVE EXPENDITURES

The Governor's budget included the following new expenditures from Emergency Response surcharge revenue:

1. **Aviation Asset Coordinator.** During significant fire events, CalFire works with the Military Department and federal military agencies to respond with firefighting aircrafts. The budget proposed to add 1.5 positions at a cost of \$265,000 to better coordinate these activities between CalFire and other agencies.

LAO Recommendation: Approve Aviation Asset Coordinator. The LAO feels that this is a worthwhile proposal to better leverage state and federal aviation assets at a relatively low cost. Because the LAO does not support the surcharge, they feel it should be funded by the General Fund until revenue from a recommended state responsibility fee is collected.

2. **Wide Area Network Upgrade.** Many of CalFire's facilities are located in rural areas with limited communications infrastructure. As a consequence, personnel in the field have limited access to the department's IT system. The budget proposed to begin implementation of an IT project to connect most of CalFire's facilities to a wide area network. The cost for this proposal would be \$11.4 million in the budget year and about \$3 million per year thereafter, with additional, periodic upgrades of equipment in future years.

3. **Four-Person Staffing.** CalFire's current practice is to staff fire engines with three personnel. In recent years, the department—under executive order—has increased staffing on fire engines to four personnel in targeted areas during peak fire season. The budget proposed to extend this additional staffing level to all fire engines throughout the state, during peak and transition fire seasons. This would entail hiring about 1,100 additional seasonal firefighters (230 personnel-years). While the cost to augment staffing as needed (under the executive order) has been about \$13 million annually in recent years, this proposal would cost about \$43 million per year, or \$30 million more than the current-year level of expenditures.

LAO Recommendation: Reject Four-Person Staffing. The LAO feels that the department has not been able to justify why the increased staffing level is cost-effective and needed throughout the state and in all years, rather than targeted to areas of high fire risk or during fire seasons of unusual danger. It is also important to note that the department has not estimated the impact from the proposed staffing expansion on its facility costs and capital outlay requirements. The department plans to house the additional firefighters in existing facilities, but most are at, or near full, capacity. The costs to create additional capacity in the department's facilities are unknown but could result in substantial increases in the department's capital outlay budget in future years. Finally, the LAO notes that the Governor still has the authority used in the last several

years to implement four–person staffing in targeted areas and times through executive order.

4. **Automatic Vehicle Locators.** CalFire’s current dispatch and communications system relies on fire engine or aircraft crews to report their location to the dispatch center. If the department loses contact with a crew, it has to rely on information from the crew’s last report to determine where the vehicle or aircraft is located. The administration proposed to upgrade all vehicles and aircraft with a system that will allow the department to automatically determine a vehicle or aircraft’s location at all times—allowing help to be dispatched if contact with a crew is lost. First–year costs for this element of the proposal would be about \$4.9 million in 2010–11 and would rise to an ongoing cost of about \$6.4 million per year.

LAO Recommendation: Reject Vehicle Locators. The LAO found that the proposal to upgrade CalFire’s dispatch system to provide additional safety to its employees has merit. However, the department has not completed a feasibility study report for this project, which would provide information on alternative ways to meet the project goals, potentially at lower costs. Since the department does not intend to implement this upgrade until 2010–11, the LAO recommends the Legislature reject the proposal at this time, and direct the department to examine whether there is a more cost–effective way to implement this project in future years.

5. **Helicopter Replacements.** The department’s helicopter fleet is composed of UH–1H helicopters procured from the federal Department of Defense in the early 1990s. This class of helicopter was first produced in the 1960s. While the department keeps up with all Federal Aviation Administration–required and manufacturer–recommended maintenance, over time the cost of replacing increasingly rare spare parts will grow. In addition, the department’s helicopters are not equipped for night flight. The administration proposed to begin acquiring new helicopters in 2010–11. The cost of this proposal is about \$28 million per year over five years, which includes costs for related facility upgrades.

LAO Recommendation: Reject Helicopter Replacements. Maintenance costs for the existing helicopter fleet will increase in the coming years. However, the department has not presented a cost–benefit analysis demonstrating that this increase in maintenance costs justifies the replacement of the department’s entire fleet over the next few years. Additionally, the department has provided very little detail on the type of helicopters to be purchased, their capabilities, or their cost. The limited information provided thus far indicates that the department would purchase helicopters with features such as night flight capability and dual engines that may be useful but that are not necessarily essential to their mission. Because the department does not intend to begin replacement of the fleet in the budget year, the LAO recommends that the Legislature reject this proposal at this time and direct the department to report back next year with a more detailed proposal.

8940 – MILITARY DEPARTMENT

ISSUE 1: EMERGENCY RESPONSE INITIATIVE EXPENDITURES

The Governor's budget included the following new expenditures from Emergency Response surcharge revenue:

- 1. Aviation Firefighting Equipment.** The budget included \$2.2 million in expenditures for aviation firefighting equipment to improve the response capabilities of the California Military Department (CMD). The expenditures for similar types of equipment would increase to \$4.9 million in 2010-11.

LAO Recommendation: Reject Proposed Augmentation for Equipment. Given the state's dire fiscal situation, the LAO believes it is important for the Legislature to only authorize augmentations that have the most critical and immediate need. While this equipment would likely improve the protection of life, property, and state resources, CMD currently owns some firefighting equipment. In addition, the state has access to firefighting equipment owned by CalFire, as well as resources at the federal and local level. Therefore the LAO recommends rejecting the augmentation.