

**AGENDA****ASSEMBLY BUDGET SUBCOMMITTEE No. 3 ON RESOURCES AND TRANSPORTATION****ASSEMBLYMEMBER RICHARD BLOOM, CHAIR****WEDNESDAY, MARCH 13, 2019****9:30 A.M. - STATE CAPITOL, ROOM 447****VOTE-ONLY CALENDAR**

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**VOTE-ONLY****3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION**

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**VOTE-ONLY ISSUE 1: REGULATION OF POWER TOOL USE IN TOLERANCE ZONES (AB 1914)**

The Governor's budget requests \$139,000 in Safe Energy Infrastructure and Excavation Fund, on a two year limited-term basis, to implement Assembly Bill 1914 (Flora, Chapter 708, Statutes of 2018).

AB 1914 created the California Underground Facilities Safe Excavation Board (Dig Safe Board) to improve excavation safety around buried utilities. AB 1914 requires the Dig Safe Board to adopt regulations by July 1, 2020, to limit the type of power-operated or boring equipment excavators may use prior to determining the exact location of subsurface installations in conflict with the excavation. AB 1914 also authorizes the Dig Safe Board to set other conditions on the use of power-operated or boring equipment within the tolerance zone.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 2: STEWARDSHIP COUNCIL LANDS: ACQUISITION**

The Governor's budget requests \$425,000 General Fund one-time for the acquisition of five properties from the Pacific Gas and Electric Company: Pit River/Tunnel Reservoir, Battle Creek, Cow Creek, Lake Spaulding and Bear River. The acquired properties will serve to enhance CalFire's existing network of Demonstration State Forests.

Established in 1946, CalFire's Demonstration State Forest System has been a center for long-term monitoring activities, research, and demonstration of best forest management practices.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 3: TECHNICAL ADJUSTMENTS – VARIOUS PROJECTS**

The Governor's budget requests the reversion of the existing funding authority, and approval of new appropriations (resulting in a net-zero cost), for the following projects to provide for the continued encumbrance of funds throughout the life of the projects without requesting additional reappropriations:

Project Name	ID	Phase	Amount
Bieber Forest Fire Station - Helitack Base: Relocate Facility	167	WC	\$23,691,000
Baker Forest Fire Station: Replace Facility	166	WC	\$10,213,000
Cayucos Forest Fire Station: Relocate Facility	170	C	\$9,584,000
Parkfield Forest Fire Station: Relocate Facility	182	PWC	\$7,794,000
Pine Mountain Forest Fire Station: Relocate Facility	185	WC	\$9,612,000
Rincon Forest Fire Station: Replace Facility	188	WC	\$12,943,000
Soquel Forest Fire Station: Replace Facility	192	WC	\$9,976,000
Mount Buillon Conservation Camp: Emergency Sewer System Replace	975	C	\$727,000
San Luis Obispo Headquarters Replacement	712	WC	\$35,012,000

Project Name	ID	Phase	Amount
Paso Robles Fire Station - Replace Facility	0000678	C	\$7,057,000
Westwood Fire Station - Replace Facility	0000200	W	\$362,000
Westwood Fire Station - Replace Facility	0000200	C	\$4,915,000
Westwood Fire Station - Replace Facility	0000200	C	\$1,335,000

**Staff Recommendation: Approve as budgeted.**

**3340 CALIFORNIA CONSERVATION CORPS**

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**VOTE-ONLY ISSUE 4: CORPSMEMBER EDUCATIONAL AND EMPLOYMENT OUTCOME REPORTING (SB 845)**

The Governor's budget requests \$358,000 one-time (\$208,000 General Fund, \$150,000 Collins Dugan Reimbursement Account) and \$108,000 ongoing starting 2020-21 (\$63,000 General Fund, \$45,000 Collins Dugan Reimbursement Account) to fund one position and one-time programming costs (\$250,000 in 2019-20) to implement new reporting requirements in SB 854 (Chapter 51, Statutes of 2018).

SB 854 requires the CCC to provide an annual report to the Legislature by December 31 of each year, commencing January 1, 2020, demonstrating the specific educational and employment outcomes of the cohort of corps members who permanently separated from the CCC during the state fiscal year that ended 18 months before the date the report is due.

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**Staff Recommendation: Approve as budgeted.**

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**3125 CALIFORNIA TAHOE CONSERVANCY**

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**VOTE-ONLY ISSUE 5: ALTA MIRA PUBLIC ACCESS PROJECT**

The Governor's budget requests \$600,000 from the Proposition 68 funds for a study of proposed alternatives, environmental review, and better understand the costs associated with improving public access and site resilience to climate change.

In 2014, the Conservancy and the California State Lands Commission acquired the former Alta Mira building properties to enhance public lake access. This project will provide equitable access to outdoor recreation and other benefits to the environment, such as reducing shoreline erosion and capturing storm water. It will also improve ecosystems, wildlife habitat, and greenhouse gas sequestration through enhanced and stabilized vegetation and shoreline.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 6: CONCEPTUAL FEASIBILITY PLANNING**

The Governor's budget requests \$322,000 one-time (\$222,000 Proposition 40 and \$100,000 Lake Tahoe Conservancy Account) for conceptual and feasibility planning for future capital outlay projects. The Conservancy also requests the reversion of \$325,000 from a 2015 Budget Act Prop 40 appropriation to free up funding for this request.

This will provide a blanket of funds needed for initial conceptual and feasibility planning, involving both outside contractors and Conservancy staff time, for new Conservancy project proposals and opportunities. This will allow investigation of project opportunities for a number of Conservancy ownerships in key watersheds at several potential lakefront access points, and other sites requiring restorative treatments and improvements. There will likely be future funding proposals for preliminary planning, working drawings, and construction phases as individual projects further identified.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 7: MINOR CAPITAL OUTLAY**

The Governor's budget requests \$1 million (\$204,000 Tahoe Conservancy Fund, \$322,000 Habitat Conservation Fund, and \$480,000 Proposition 84) for various capital outlay projects to secure previously acquired property, and complete upgrades on developed facilities to meet Americans with Disability Act requirements.

Total project costs are estimated at \$1.006 million (\$646,000 professional services contracts, \$290,000 agency retained items, and \$70,000 other project costs). The current project schedule estimates construction activities will begin July 1, 2019 and will be completed in June 2020.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 8: OPPORTUNITY ACQUISITIONS**

The Governor's budget requests \$7 million (\$5 million Proposition 68, \$1.6 million Reimbursements, and \$397,000 Habitat Conservation Fund) for the acquisition of environmentally sensitive or significant resource areas.

The Lake Tahoe region has a unique system of land ownership and associated development rights. Development rights are entitlements someone has to acquire before they can develop a property. The Conservancy mainly acquires development rights through the purchase of developed properties. Development rights are transferable assets for a property owner and can be sold and transferred to eligible receiving parcels.

Conservancy staff and partner agencies have identified up to 15 properties (apartments, commercial development, and residential lots in local flood areas) for acquisition in both the City of South Lake Tahoe and Kings Beach.

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**Staff Recommendation: Approve as budgeted.**

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**3840 DELTA PROTECTION COMMISSION**

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**VOTE-ONLY ISSUE 9: NATIONAL HERITAGE AREA MANAGEMENT PLAN**

The Governor's budget requests \$200,000 one-time from the Environmental License Plate Fund for consultant work to prepare several full Project Management Plans that will facilitate a Delta National Heritage Area Management Plan in support of the Delta Plan.

The Delta Plan is a long-term management plan for the Delta and provides guidance to state and local actions in managing the Delta, while furthering the state's coequal goal to: (1) improve statewide water supply reliability; (2) protect and restore a vibrant and healthy Delta ecosystem; and, (3) enhance the unique agricultural, cultural, and recreational characteristics of the Delta.

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**Staff Recommendation: Approve as budgeted.**

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## ITEMS TO BE HEARD

### VARIOUS DEPARTMENTS

**ISSUE 1: WILDFIRE PREVENTION AND RECOVERY LEGISLATIVE PACKAGE**

The Governor's budget requests \$234,941,000 and 292 positions to implement the wildfire prevention recovery legislative package. Specifically, the proposal requests the following:

Department	Request	General Fund	Other Funds	Total	PYs
CALFire	<b>Improving Forest Management and Decreasing Fire Risk (SB 901)</b> - Funds would be used to: (1) implement the Wildfire Resilience Program; (2) review wildfire mitigation plans and share data with the Public Utilities Commission; and, (3) undertake associated regulatory workload.	0	\$4,832,000 Greenhouse Gas Reduction Fund	\$4,832,000	10
CALFire	<b>Prescribed Fire Crews and Research and Monitoring (SB 901)</b> - Funds will be used to complete prescribed fire and other fuel reduction projects consistent with the recommendations of the Forest Carbon Plan, including the operation of year-round prescribed fire crews and implementation of a research and monitoring program for climate change adaptation.	0	\$35,000,000 Greenhouse Gas Reduction Fund	\$35,000,000	157
CALFire	<b>Forest Health and Fire Prevention Projects and Programs (SB 901)</b> - Funds will be used for healthy forest and fire prevention programs and projects that improve forest health and reduce greenhouse gas emissions caused by uncontrolled wildfires.	0	\$165,000,000 Greenhouse Gas Reduction Fund	\$165,000,000	19
CALFire	<b>Prescribed Fire Program, Burn Boss Certification, and Increasing Pace and Scale (SB 1260)</b> - Funds would be used to: (1) develop a burn boss certification program; (2) expand and enhance the Prescribed Fire Program and increase the use of prescribed fire through cooperative planning, training, and public education; and, (3) coordinate and conduct prescribed fire research.	0	\$2,517,000 Greenhouse Gas Reduction Fund	\$2,517,000	8
CALFire	<b>Barriers to and Solutions for Expanding the Use of Mass Timber and Other Wood Product (AB 2518)</b> - Funds would be used to produce the two reports required by AB 2518 to: (1) identify barriers to in-state production of mass timber and other innovative forest products as well as solutions that are consistent with the state's climate objectives on forested lands; and, (2) provide recommendations for the siting of additional wood product manufacturing facilities in the state.	0	\$400,000 Greenhouse Gas Reduction Fund	\$400,000	0

CALFire	<b>Increasing Fire and Life Safety (AB 2911)</b> - Funds would be used to implement the local government survey required by the legislation, coordinate with local governments, and conduct field reviews and develop recommendations for improving the fire and life safety of non-conforming residential subdivisions across the state.	0	\$2,278,000 Greenhouse Gas Reduction Fund	\$2,278,000	6
CCC	<b>Forestry Corps (AB 2126)</b> - Funds would be used to support four Forestry Corps crews that will undertake forest health and hazardous fuel reduction projects in areas of high fire risk, which will increase public safety for fire-threatened communities, improve forest health conditions, and achieve associated climate goals. This Program will also provide specialized training and assistance to corps members to create educational and career pathways to forestry and other related fields.	\$4,454,000	0	\$4,454,000	2
DFW	<b>Timber Harvest Plan Exemption Review (SB 901)</b> - This funding will support the Department of Fish and Wildlife's efforts to review timber harvest plan exemptions, and inspect, permit, and enforce projects that improve forest health and vegetation management activities to mitigate negative impacts on water quality, wildlife, and the environment.	\$1,483,000	\$2,000,000 Timber Regulation and Forest Restoration Fund	\$3,483,000	15
SWRCB	<b>Review of Timber Harvest Plan Exemptions and Utility Corridor Vegetation Management Permitting (SB 901)</b> - Funds would be used to support the State Water Resources Control Board's efforts to review timber harvest plan exemptions, and inspect, permit, and enforce projects that improve forest health and vegetation management activities to mitigate negative impacts on water quality, wildlife, and the environment.	\$2,547,000	\$1,831,000 Waste Discharge Permit Fund	\$1,831,000	22
PUC	<b>Public Utilities Commission (SB 901)</b> - Funds would be used to support the Public Utilities Commission to address workload associated with wildfire cost recovery proceedings, reviewing and approving enhanced wildfire mitigation plans, and oversight of investor-owned utility compliance with legislative requirements to reduce the risk of utility-caused wildfires.	0	\$6,632,000 Public Utilities Commission Reimbursement Account	\$6,632,000	34
PUC - PAO	<b>Public Advocate's Office (SB 901)</b> - This funding will support the Public Advocate's Office to address additional utility safety-related, financial-related, and legal workload related to the implementation of SB 901, including increased safety and ratemaking workload and wildfire mitigation plan and compliance report reviews.	0	\$2,529,000 Public Utilities Commission Public Advocates Office Account	\$2,529,000	14
ARB	<b>Prescribed Fire Monitoring Program (SB 1260)</b> - Funds would be used to enhance the Air Resources Board's air quality and smoke monitoring, forecasting, reporting and modeling activities and support local air district public education efforts to align with the anticipated increase in prescribed burns and other fuels reduction activities.	0	\$3,438,000 Greenhouse Gas Reduction Fund	\$3,438,000	5
<b>TOTAL:</b>				<b>\$234,941,000</b>	<b>292</b>

**BACKGROUND**

**Wildfires from the past two years have been devastating and this trend will likely continue.** Experts believe that a combination of factors will result in serious fire seasons for the indefinite future. Among other factors, three primary reasons why California wildfires have become more devastating are: (1) the climate is becoming warmer; (2) more people live in combustible places; and, (3) more fuel. Fires today burn twice as many acres and for twice as long as they did in the 1990s.

In August, 2018, California was fighting approximately 17 large fires simultaneously, including the largest in California history, the Mendocino Complex fire. The fires were fueled by extreme heat and parched vegetation from years of drought. Also, rugged terrain in some cases only exacerbated the fires. Below is a table of major wildfires from the past two years.

**Substantial and Destructive Wildfires in 2017 and 2018**

<b>FIRE NAME</b>	<b>DATE</b>	<b>COUNTY</b>	<b>ACRES</b>	<b>STRUCTURES</b>	<b>DEATHS</b>
Camp Fire	Nov. 2018	Butte	153,336	18,804	86
Woolsey	Nov. 2018	Ventura	96,949	1,643	3
Carr	July 2018	Shasta & Trinity	229,651	1,604	8
Mendocino Complex	July 2018	Colusa, Lake, Mendocino & Glenn	459,123	280	1
Redwood Valley	Oct. 2017	Mendocino	36,523	546	9
Thomas	Dec. 2017	Ventura & Santa Barbara	281,893	1,063	2
Nuns	Oct. 2017	Sonoma	54,382	1,355	3
Tubbs	Oct. 2017	Napa & Sonoma	36,807	5,636	22
Atlas	Oct. 2017	Napa & Solano	51,624	783	6

As shown in the table above, the Mendocino Complex fire was the largest wildfire recorded in California since 1932. Although the Camp fire was the 16<sup>th</sup> largest fire recorded in the state, it was by far the most destructive (18,804 structures) and deadliest (86 deaths).

**CalFire's increased efforts in fire prevention.** CalFire has significantly increased its efforts in fire prevention in recent years. CalFire's resource management and fire prevention programs include: forest and vegetation treatments, wildland pre-fire engineering, land use planning, education and law enforcement. The purposes of these activities are to reduce the number of

fire starts, create more fire resistant and defensible communities, and reduce the overall intensity of wildfire. Typical projects include: forest thinning, vegetation clearance, prescribed fire, defensible space inspections, emergency evacuation planning, fire prevention education, fire hazard severity mapping, and fire-related law enforcement such as fire cause investigation and civil cost recovery for negligently started fires.

Since 2011, CalFire has conducted over one million defensible space inspections. In the last five years, California has treated about 250,000 acres annually of state and private wildlands through forest management activities. The Fire Prevention Program grants emphasize the following:

- Protection of habitable structures
- Number of people benefited
- Wildfire reduction benefits
- Community support

Since 2015, CalFire has approved approximately 500 grants totaling about \$242 million in fire prevention, forest health, and tree mortality grants to stakeholders across the state aimed at restoring health and fire resilience.

The Forest Health Program grants emphasize projects that are:

- Landscape scale
- Multiple benefits (carbon, fire resilience, water, pest resistance, wildlife habitat)
- Community benefits – low income and disadvantaged
- Project readiness
- Permanence

According to LAO, in 2017-18, CalFire allocated about half (52 percent) of the Forest Health Program funding for projects on forestlands that are part of the SRA, with nearly all of the balance allocated for projects on federally owned land. Improving the health on neighboring federal forestlands can reduce the threat of wildfire on – and thereby provide benefit to – adjacent SRA lands.

**CalFire received an increased amount of greenhouse gas reduction fund (GGRF) for forestry in 2017-18 and in 2018-19.** The Legislature appropriated \$195 million in GGRF funds to CalFire for forest health and fire prevention activities. This was a notable increase from earlier GGRF appropriations for similar purposes (\$25 million in 2014-15 and \$40 million in 2016-17). The Legislature identified GGRF as an appropriate funding source for these forest management activities because preventing severe wildfires helps avoid potential emission of greenhouse gases, and because healthy forests sequester more carbon than those in poor conditions. (The 2017-18 budget package provided additional GGRF for other forest-related activities – \$20

million to CalFire for its Urban and Community Forestry Program and \$5 million to the California Conservation Corps – to conduct forest health and urban forestry activities).

**CalFire allocated the 2017-18 GGRF forest management funds across various programs and activities.** The Legislature provided CalFire discretion over how to divide the \$195 million for forest management across its various programs and initiatives. As shown in the figure below, the Department decided to allocate \$171 million as local assistance funding through competitive grants across two programs – \$91.5 million for Forest Health and \$79.7 million for Fire Prevention. CalFire is using most of the remaining \$24 million for state-level activities, including grant administration and technical assistance, data collection, public education, and equipment.

According to LAO, the Legislature followed the 2017-18 funding for forest management activities with \$223 million in 2018-19, including \$160 million specifically for forest health and fire prevention activities.

**2017-18 GGRF Forest Management Funds**  
(Dollars in Millions)

Grant Program	Funding	Number of Grants	Average Amount of Grant
<b>Forest Health</b>	<b>\$91.5</b>	<b>22</b>	—
Forest health projects	78.0 <sup>a</sup>	17	\$4.6
Forest Legacy conservation easements	13.6	5	2.7
<b>Fire Prevention</b>	<b>\$79.7</b>	<b>142</b>	—
Fuel reduction	75.2	114	\$0.7
Fire prevention planning	3.3	13	0.3
Fire prevention education	1.3	15	0.1
<b>Totals</b>	<b>\$171.3</b>	<b>164</b>	—

<sup>a</sup>CalFire indicates it plans to award an additional \$2.2 million in grants for forest health projects in the coming months. GGRF = Greenhouse Gas Reduction Fund and CalFire = California Department of Forestry and Fire Protection.

Source: LAO

Roughly the same amount of total funding was given out via grants in the two largest funding categories – forest health projects through the Forest Health Program (\$78 million) and fuel reduction projects through the Fire Prevention Program (\$75 million). For forest health, however, the Department gave larger amounts of funding to fewer grantees (17 grants with an average size of \$4.6 million), compared to fuel reduction for which it awarded smaller grants to a larger number of recipients (114 grants with an average size of \$700,000). This reflects the difference in size and complexity of the projects to be undertaken by grantees across these two programs. Specifically, forest health projects typically cover tens of thousands of acres and could include multiple types of forest “treatments” like forest thinning (tree removal), prescribed fire, and/or reforestation (tree planting). Such projects typically have goals of both reducing fire risk and improving the ecological functions of the land (such as carbon storage, quality of habitat, and

water supply). In contrast, fuel reduction grants focus on much smaller areas around residential communities and typically are primarily intended to reduce the intensity and spread of wildfire. Such projects include creating defensible space around homes and clearing a strip of trees to serve as a “fuel break” that might slow a fire from spreading.

**California’s Forest Carbon Plan.** Governor Brown’s administration released the *California Forest Carbon Plan* in May 2018. The plan provided forest-related carbon storage and emission estimates, as well as strategies to improve forest management and resilience. This plan laid out the Brown administration’s aspiration to increase the rate of forest restoration and fuels treatment – including mechanical thinning and prescribed fire – on nonfederal forest lands from the recent average of 17,500 acres per year to 35,000 acres per year by 2020, and to 60,000 acres per year by 2030. The plan also stated a goal of supporting federal efforts to double the current rate of “health and resiliency treatments” on US Forest Service lands in California, from 250,000 acres per year to 500,000 acres per year by 2020.

The plan covers all forested regions of the state and emphasizes the need to take regional and watershed based actions to improve forest health. The plan includes:

- Significantly increasing fuels reduction to prevent high intensity fire.
- Increasing prescribed fire.
- Centering strategies on regions, watershed, and ecosystems.
- Protecting forestland and guarantee lower intensity forestry practices through easements, acquisitions, and land use planning.
- Building new and modern economies around wood products so that small trees and other fuels can be removed in lieu of pile burning.

The 2018 Budget Act included approximately \$320 million related to implementation of the Forest Carbon Plan, including:

- \$160 million for Forest Health grants and \$63 million for fuels reduction in the wildland-urban interface.
- \$30 million for forest treatment in the Sierra Nevada Conservancy.
- \$29 million in permanent funding for six prescribed burning and fuels reduction crews.
- \$22 million to support local agencies and non-profits leading work at the local level.
- \$15 million for protection of forests in State Parks.
- \$2.2 million for wood product market innovation and acceleration.

**Major state expenses related to wildfires.** Over the last two fiscal years, the state has spent over \$10 billion on wildfire-related expenses, approximately \$5 billion in FY 2017-18 and \$5.8 billion in FY 2018-19, as shown in the table on the next page:

Category	FY 2017-18 (in millions)	FY 2018-19 (in millions)
<b>Wildfire Prevention.</b> CalFire Resource Management Program, Fire Prevention Program, and one-time funding to OES for tree mortality.	\$130	\$330
<b>Fire Response.</b> CalFire initial attack and Emergency Fund fire suppression efforts, conservation camps, and OES funding such as for mutual aid fire engines.	2,300	2,500
<b>Other Response and Recovery.</b> Costs related to response and recovery of the major wildfires in 2017 and 2018.	2,500 (2017 major wildfires)	2,900 (2018 major wildfires)
<b>CalFire Capital Outlay.</b> Funding for CalFire facilities such as fire stations and conservation camps.	50	70
<b>TOTAL</b>	<b>\$4,855</b>	<b>\$5,800</b>

Source: LAO. Note: These amounts do not reflect federal reimbursements.

The state has significantly increased its investment in fire prevention and forest management activities in recent budgets. However, the state spends a fraction on prevention compared to the amount spent on fire response and recovery efforts.

**The 2018 Wildfire Legislative Package.** The Legislature approved several pieces of legislation in 2018 to address the increasingly severe wildfire seasons. The legislative package builds on the recent budget augmentations and enacts numerous policy changes such as establishing new programs and regulatory processes to improve forest health and support fire prevention activities. While there were numerous bills related to wildfires (and disaster response more broadly), there were five bills in the package for which the Administration has associated budget proposals for 2019-20. (We discuss those budget proposals later in this analysis.) Among other changes, the bills contain the following major provisions:

- **SB 901—Funding for Forestry and Fire Prevention Activities.** Chapter 626 of 2018 (SB 901, Dodd) includes several provisions intended to reduce the risk of catastrophic wildfires with a focus on forest health, expanding the use of prescribed fires, and reducing fuels. This includes a requirement that the annual state budget include two appropriations—\$165 million for forest health and fire prevention grants and fuels reduction projects and \$35 million for prescribed burn activities—beginning in 2019-20 and continuing for a total of five years. In aggregate, these amounts would be roughly the same as the amounts provided for these purposes in 2017-18 and 2018-19.
- **SB 901—Streamlining Permitting Requirements.** SB 901 also includes several changes to streamline the regulatory and approval processes related to timber harvesting activities, to allow private landowners to remove trees and other vegetation from their property in order to reduce fuel available for forest wildfires. First, SB 901 creates a new exemption, known as the small timberland owner exemption, that allows owners of relatively small acreage forests—60 acres if near the coast or 100 acres elsewhere—to remove trees in order to reduce the continuity of fuels (such as in a densely forested area) if certain other criteria are met. Some examples of criteria to qualify for the exemption include limiting the harvest to certain size of trees harvested and prohibiting removal of the six largest trees in each acre harvested. Second, the legislation expands

an existing exemption, known as the forest fire prevention exemption, which has allowed for tree removal or timber harvesting without an approved timber harvest plan in certain cases, where the removal of fuels will help reduce the risk of severe wildfires and when the construction of temporary roads are not needed to conduct the project. SB 901 expands the potential use of this exemption by allowing for the construction of temporary roads in certain cases. Third, SB 901 requires CalFire to develop a Wildfire Resilience Program to provide technical assistance to nonindustrial timberland owners to help them with the regulatory process when conducting fuel reduction projects. The legislation specifically requires the Wildfire Resilience Program to provide information on the state permits needed to conduct fuel reduction projects, best practices for wildfire resilience, and available grant programs.

- **SB 901—Electric Utilities and Wildfire Mitigation Plans.** SB 901 also contains provisions related to electric utilities, because utility infrastructure is a common source of wildfire ignition. First, the legislation establishes procedures for wildfire cost financing for investor owned utilities (IOUs) to apply for recovery of costs incurred as a result of catastrophic wildfires. Second, SB 901 adds additional required elements for wildfire mitigation plans prepared by IOUs and reviewed by the California Public Utilities Commission (CPUC), in consultation with CalFire. Specifically, IOUs must describe their future plans related to deenergizing portions of the electrical distribution system, managing vegetation along utility corridors, inspecting infrastructure, and any other steps they will take to modernize infrastructure and improve safety.
- **SB 1260—Prescribed Fires.** Among other things, Chapter 624 of 2018 (SB 1260, Jackson) supports the use of prescribed fires for forest health and wildfire prevention in two key ways. First, the legislation requires the California Air Resources Board (CARB), in coordination with local air districts, to conduct enhanced air quality and smoke monitoring to provide air regulators with improved information when reviewing requests for conducting prescribed fires. Second, SB 1260 requires CalFire to develop a professional “burn boss” curriculum and certification program that would create a consistent standard for the education and skills needed for people to conduct prescribed fires. Under this program, CalFire staff members and private individuals or companies could become certified in order to increase the workforce capable of safely conducting prescribed fires.
- **AB 2126—Forestry Corps Crews.** Another component of the legislative package related to forest health is a requirement in Chapter 635 of 2018 (AB 2126, Eggman), that the CCC establish four “forestry corps” crews to develop and implement forest health projects, such as fuels reduction, tree planting, and cone and seed collection. CCC is also required to assist forestry corps members in obtaining forestry degrees or certificates.
- **AB 2518—Wood Product Manufacturing Facilities.** Chapter 637 of 2018 (AB 2518, Aguiar-Curry) requires CalFire and the Board of Forestry and Fire Protection (BFFP) to identify barriers to utilizing small trees and other woody biomass in the production of mass-timber and other innovative wood products after they are removed from forests in California. AB 2518 also requires the Forest Management Task Force, staffed by CalFire, to develop recommendations for where to site wood product manufacturing facilities.

- **AB 2911—Building Standards and Surveys of High-Risk Communities.** Chapter 641 of 2018 (AB 2911, Friedman) requires the Office of the State Fire Marshall (OSFM) within CalFire to: (1) recommend updated building standards to better protect structures from wildfire risks; (2) develop a list of low-cost retrofits that could be implemented at existing structures to reduce the risks; and, (3) provide this list to the public through education and outreach efforts. AB 2911 also requires BFFP, in consultation with OSFM, to survey local governments in certain high-risk fire areas to identify existing subdivisions having only one roadway to access the subdivision. For these communities identified, the board is required to make recommendations to reduce wildfire risks and track the extent to which recommendations are implemented.

**Proposals are consistent with legislation.** The budget proposals to implement the 2018 legislative wildfire package appear consistent with the requirements of the various bills in the package. For example, the budget includes the two required appropriations of GGRF funds and includes funding to support legislative requirements on state agencies to implement other components of the package, such as developing new programs and regulations.

**Details and expected outcomes for some proposals are limited.** Some of the budget proposals lack details on the ongoing implementation of the legislative package. For example, the budget proposes \$165 million for forest health and fire prevention grants and related CalFire projects, but the budget details do not describe how funds would be allocated across various types of grants and programs. According to CalFire, the Department will likely fund some direct CalFire projects and then split the remaining funding evenly between forest health and fire prevention grants. However, CalFire has also indicated that these allocations are subject to change.

Similarly, while the Governor’s budget includes the \$35 million for prescribed burn crews, CalFire did not submit a detailed budget document that provides implementation details, such as: (1) information about where crews would be located in the state; (2) a time frame for the new crews to be hired, trained, and implementing new projects; and, (3) estimates of how many projects and acres are expected to be treated by the crews. The proposal for the CalFire Wildfire Resilience Program also lacks key details, such as how many nonindustrial timberland owners are estimated to receive technical assistance based on the proposed level of funding and staffing for the program.

While it is understandable that some details of these new programs are still under development, the limited information on some proposals could limit the Legislature’s ability to ensure the intent of the legislative package is fully achieved, and that implementation progresses along the time line assumed when the package was enacted.

**Question as to whether use of Timber Regulation and Forest Restoration Fund is sustainable.** DFW requests \$2 million ongoing from the Timber Regulation and Forest Restoration Fund to support 15 positions to address workload associated with implementing SB 901.

Current law requires a one percent assessment on all lumber products at the point of sale in California. The funds collected are deposited into the Timber Regulation and Forest Restoration Fund to pay for activities and costs associated with the review of projects or permits necessary to conduct timber operations.

Over the last three years, more money has been expended from the Timber Regulation than incoming revenues. The Fund had a balance of \$30 million in 2016-17 to \$11 million in 2019-20. Further, the Fund is statutorily required to maintain a \$4 million reserve. Whether the Fund can support the \$2 million ongoing expenditure is questionable.

**Recent electric utility bankruptcy highlights risks and uncertainties.** As mentioned above, electric utility infrastructure is often the ignition source of wildfires. As a result, IOUs have an important role in wildfire prevention, but can face financial stresses associated with wildfire risks. For example, in January 2019, Pacific Gas and Electric (PG&E) filed for bankruptcy in large part as a result of potential costs related to recent wildfires ignited by the utility's infrastructure. This bankruptcy raises various risks and costs for the state's utilities, as well as other entities. For example, the bankruptcy proceedings could affect future payments received by fire victims and insurance companies, as well as costs paid by PG&E ratepayers. At this time, the magnitude of the effects is unknown. In addition, it is unclear what impacts, if any, PG&E's bankruptcy could have on the implementation of the recent legislative package, particularly the wildfire mitigation plan required by SB 901. Moreover, the bankruptcy highlights wildfire risks and potential costs faced by other utilities in the state, as well as in other regions of PG&E's service area. Given the health of the state's forests, there continue to be significant wildfire risks that could be ignited by electric utility infrastructure. These risks and uncertainties further highlight the importance of ongoing legislative policy efforts and oversight.

#### LAO COMMENTS

**Approve governor's budget proposals.** Overall, the requests are consistent with the package of legislation and appear to fund reasonable first steps to implementing the package. Accordingly, the LAO recommends that the Legislature approve the budget proposals to implement the 2018 wildfire legislative package.

**Ensure details of implementation consistent with legislative intent.** In addition, because some of the proposals implement new programs or are continuing relatively new programs, some questions about the specific implementation of the legislative package are not answered in the detailed budget documents provided. While this may be understandable, the Legislature will want to ensure it has answers to key questions about the implementation of the legislative package in 2019-20 to ensure specific implementation decisions being made by the administration are in line with legislative intent. In particular, the LAO recommends that the Legislature require the Administration to report, at spring budget hearings, on the following questions:

- **Forest Health and Fire Prevention Fund Allocation.** How will the \$165 million for forest health and fire prevention grants and fuels reduction projects be allocated among various programs? When will grants be awarded and projects underway?

- **Implementation of Prescribed Burn Crews.** How is CalFire progressing at hiring and training the prescribed burn crews approved in the 2018-19 budget? Where will crews be located? How will projects be selected and prioritized? How is CalFire ensuring these crews remain dedicated to prescribed fire work year-round without being pulled into assist with wildfire suppression?
- **Wildfire Resilience Program.** How many landowners are expected to receive technical assistance each year under the new program? How will the effectiveness of this program be assessed, and what outcomes does CalFire expect to achieve with the staffing level requested?
- **PG&E Bankruptcy.** How might the PG&E bankruptcy impact the implementation of the utility's wildfire mitigation plan? Does the PG&E bankruptcy impact other aspects of the Administration's implementation of the legislative package?

**Conduct ongoing oversight.** Given the number of changes enacted in the legislative package, as well as the complex and long-term challenge of improving forest health and reducing wildfire risks, it likely will take many years to evaluate outcomes of the state's efforts. In addition, many of the requirements in the legislative package create new programs and regulatory requirements. So, it is unclear what specific implementation challenges state departments, local governments, and land owners might face in their efforts to achieve the goals of the legislation. In light of this, we recommend that the Legislature conduct ongoing oversight through future budget and policy committee hearings to monitor the state's progress. Some key questions for future oversight include the following:

- **Measuring outcomes.** How will the state measure overall outcomes in the near term and the long term? Are there ways to track the effectiveness of specific programs and regulatory changes? How will the state monitor the change in fire risk or severity in areas that have received forest health and fire prevention treatments, compared to non-treated areas?
- **Allocation of funds to highest priority areas.** What criteria is CalFire using to allocate funding among various regions of the state? To what extent is the Department targeting dollars to the highest risk areas and/or those areas with the greatest potential public safety or environmental benefits? Is CalFire receiving a sufficient number of grant applications from the highest priority geographic areas? If not, what steps is CalFire taking to proactively work with high-risk areas to develop potential grant projects?
- **Barriers to completing forest health and fire prevention projects.** What implementation barriers or challenges are CalFire and grant recipients experiencing with completing forest health and fire prevention projects? Does sufficient workforce capacity exist to undertake forest health and fire prevention activities at the current funding levels? Do capacity concerns constrain the ability to expand programs in the future?

- **IOU fire prevention efforts.** How quickly are utilities conducting vegetation management projects along utility corridors? To what extent are utilities implementing the portions of the plans requiring de-energizing of electrical distribution systems and what are the impacts and outcomes? What barriers, if any, impede the ability of utilities to effectively implement wildfire mitigation plans and the ability of state agencies to oversee the implementation of these plans?
- **Outcomes for timber harvest exemptions.** How many timber harvest exemptions are state agencies—CalFire, SWRCB, and DFW—processing? To what extent are the streamlined exemption processes resulting in more fuels reduction?
- **Prescribed burns.** To what extent are additional resources for CARB resulting in more approvals for prescribed fires? How are CARB and local air districts balancing the inherent greenhouse gas (GHG) and air quality trade-offs associated with approving prescribed burns that would have near-term emissions? How has the burn boss certification program affected the ability of local and private entities to implement prescribed burns?
- **Collaboration across state and local entities.** How is CalFire collaborating with other state and local entities to prioritize forest health and other wildfire reduction activities within key regions of the state? To what extent are regional planning efforts taking place, such as in key watersheds?
- **Balancing funding for prevention activities and fire response.** How is the state balancing funding for forest health and fire prevention activities to reduce the risks associated with future wildfires with demands to increase funding for fire response resources necessary to respond when wildfires occur? How can the state determine where funding can be most effective? To what extent should funding priorities change in the future as wildfire risks change or if additional very severe and destructive wildfires occur?
- **Overall funding and staffing levels.** Are funding and staffing levels sufficient to keep up with workload demands, such as for processing permit exemptions or burn boss certifications? To what extent is there ongoing or increased demand for forest health and fire prevention grants in high priority regions?

#### STAFF COMMENTS

Staff concurs with the LAO that the requested resources appear consistent with the 2018 legislative package. However, given the breadth and scope of this package, it would be prudent for the Subcommittee to withhold action until later in the subcommittee process, in order to solicit feedback from stakeholders.

Additionally, the Subcommittee may wish to request that CalFire provide the following information:

- An assessment of the unmet priority needs on the forest health and fire prevention programs on a regional basis;
- Detail on how CalFire intends to allocate the \$165M between the forest health and fire prevention programs and how these allocations relate to the strategies on regions, watersheds, and ecosystems in the Forest Carbon Plan;
- To the extent that the priority projects identified in the Community Wildfire Prevention and Mitigation Report released on February 22, 2019 will be funded with existing appropriations? Will there be priority projects identified for future appropriations?
- Measures CalFire will take to ensure that prescribed fire crews are able to prioritize conducting prescribed fires to avoid getting diverted for other firefighting activities.
- Details on how additional staffing and engines will impact defensible space inspection targets and vegetation management goals.

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**Staff Recommendation: Hold Open.**

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**3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION**

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**ISSUE 2: ENHANCED FIRE PROTECTION RESOURCES**

The Governor's budget requests \$96.9 million (offset by \$1.8 million in reduced reimbursement authority for CCC) and 228 positions to implement the proposals described below. Under the proposals, this funding for CalFire would increase to over \$120 million in subsequent years.

- **Additional Fire Engines (\$40.3 Million).** The budget supports adding 13 new fire engines to CalFire's fleet, as well as 131 additional positions to staff those engines. This would bring the total size of the fleet to 356 fire engines. Under the proposal, these 13 new engines would be operated on a year-round basis bringing the total number of fire engines operated on a year-round basis to 65 engines.
- **Increased Staffing (\$15.1 Million).** The budget includes two proposals to increase CalFire's fire response staffing. First, the budget includes \$10.6 million and 34 heavy equipment operator positions in order have a total of three heavy equipment operators for each of CalFire's 58 bulldozers to provide 24 hours a day, seven days a week staffing. Second, the budget includes \$4.5 million to support 13 positions to provide situational awareness staffing—dedicated staff to provide real-time intelligence to decision makers during a wildfire.
- **CCC Crews Dedicated to CalFire (\$13.6 Million).** The budget proposes to add five CCC crews dedicated to CalFire for fire response and prevention activities. This includes converting four existing CCC reimbursement crews into crews dedicated full-time to CalFire work, and creating one new crew dedicated to CalFire work. Under the proposal, the total number of CCC crews dedicated to CalFire will increase to 12.
- **C-130 Air Tankers and Related Capital Outlay (\$13.1 Million).** The budget includes funding and six positions to implement the first year of a plan to accept seven used C-130 air tankers from the federal government, to replace CalFire's existing fleet of aircraft, with the first air tanker scheduled to be received in 2020-21. The state will receive the aircraft for free, but the Department's costs will increase over the next several years for operating and maintenance costs. CalFire estimates annual costs will rise steadily over the next five years reaching \$50 million in increased annual costs by 2023-24. In addition, the proposed 2019-20 funding level includes \$1.7 million for the first phase of three capital outlay projects, to construct barracks to accommodate the new larger flight crews needed to operate the C-130 aircraft. These three projects, along with a fourth barracks project expected to be initiated next year, are estimated to cost a total of \$26 million over several years.
- **Employee Wellness (\$6.6 Million).** The budget proposes to expand two employee wellness programs. First, the budget would expand an existing health and wellness pilot program to a statewide program. The health and wellness pilot program involves conducting voluntary wellness screenings to test for health conditions common to

firefighters, such as heart disease and certain types of cancer. Second, the budget increases staffing for CalFire's Employee Support Services program that provides mental health support to CalFire employees and family members. The proposal would allow CalFire to provide more services to firefighters at the location of major fires and provide additional education and information related to post-traumatic stress disorder.

- **Fire Detection Cameras (\$5.2 Million).** The Administration proposes to join an existing network of wildfire detection cameras and to expand the network by 100 additional cameras in locations determined by CalFire. Specifically, the funding will support a contract between CalFire and ALERTWildfire—a consortium of the University of Nevada, Reno; the University of California, San Diego; and the University of Oregon—to allow CalFire to access and control ALERTWildfire's existing network of wildfire detection cameras.
- **Mobile Equipment Replacement (\$3 Million).** The budget proposes to continue on an ongoing basis a one-time 2018-19 funding augmentation to CalFire's budget for replacement of mobile equipment, such as bulldozers and fire engines. Funding would be used to replace additional mobile equipment that has experienced additional wear and tear from the extended fire seasons in recent years.

#### BACKGROUND

**The fire season is nearly year-round in California.** Climate change continues to worsen and lengthen the fire season in California. The average season length (the time between the reported first wildfire discovery date and the last wildfire control date) increased by 78 days (64 percent) when comparing fire seasons from 1970 to 1986 with fire seasons from 1987 to 2003. Additionally, a different study of fires larger than 1,000 acres between 1984 and 2011 found significant, increasing trends in the number of large fires and/or total large fire area burned per year.

In many areas of the state, the fire season never ends. Over the last 10 years, CalFire has experienced a significant increase in fire activity in the middle of the winter months. Scientists have been confirming that fire season length and intensity have noticeably increased over the past two decades. This results in the need for more firefighters working longer and harder to suppress fires. The changing climate in California continues to lengthen the "fire season" into what is now being considered a "fire year."

**Increasing fire response resources is reasonable in concept.** The magnitude and severity of recent fire seasons suggest that severe wildfires could be a worsening problem. Moreover, ongoing impacts from the drought, bark beetle infestations, tree mortality, climate change, and effects of decades of fire suppression activities all contribute to increased risks of severe wildfires. Given the recent fire conditions and the likelihood that conditions persist or even worsen, it is reasonable to increase the state's fire response resources.

**C-130 air tanker proposal lacks detail.** According to the Administration, the intent of the C-130s is to extend the life of the existing S2-T air tanker fleet, avoiding a larger General Fund

cost to replace an existing S2-T. CalFire does not have specific costs for a replacement S2-T, however, for comparison purposes, a Sikorsky S-70i Helicopter acquisition costs are approximately \$24 million each. So for illustrated purposes, to acquire (does not include maintaining or staffing) 23 S2-Ts would cost \$552 million.

The additional seven C-130s will provide additional depth of coverage for aviation initial attack and major fire suppression needs. Further, the federal government is refurbishing the aircraft, thus the state would only incur cost relating to operating and maintaining the aircraft.

However, the state is not scheduled to receive the first C-130 air tanker until 2020-21. Thus, it is unclear why funding for maintenance and operations contracts is needed in 2019-20. It is also unclear whether current costs related to operating and maintaining CalFire's existing air fleet (which will be decommissioned) are being netted out from the total amount of funding being requested for the new air tankers. Further, based on discussion with CalFire, there are potentially major new costs with the proposal that are not included in the BCP (such as additional contract planes).

**Administration has not conducted assessment to inform future budget decisions.** In light of the state's increasingly severe fire seasons and the trend of increasing wildfire response resources in recent budgets, there will likely be continued pressure to expand fire response funding in the future. Having more information on existing fire response capacity and gaps in capacity would help the Legislature in its consideration of future budget proposals to increase fire response resources. However, the Administration has not completed a recent assessment of state, mutual aid, and federal wildfire response capacity; potential gaps; and where additional resources would be most beneficial.

Without such an assessment, it is difficult to know the extent to which the specific fire response augmentations proposed address the highest priorities, fill the most critical gaps in response coverage, and take the most cost-effective approach to addressing fire response challenges. In addition, an assessment of response capacity, gaps, and benefits could help inform future budget decisions, as well as better allow the state to develop longer-term funding plans for the deployment of future resources to ensure that additional resources approved in the future are used in the most beneficial and cost-effective manner.

#### LAO COMMENTS

**Approve most of the Governor's budget proposals.** The LAO recommends that the Legislature approve the Governor's requests for additional fire response resources in CalFire, with the exception of the proposal to support additional C-130 air tankers. The LAO finds these proposals reasonable given the recent severe fire seasons and ongoing wildfire risks in many areas of the state.

**Require CalFire to provide additional information on C-130 air tankers.** The proposal for the C-130 air tankers lacks important details, including the rationale for funding maintenance and operations contracts before the new air tankers are delivered. Accordingly, the LAO recommends that the Legislature require CalFire to provide additional details on the air tanker

proposal at spring budget hearings before determining what action to take on the proposal. While the overall concept of replacing CalFire's air fleet with the C-130 air tankers is reasonable, the LAO thinks the Legislature will want to fully understand the costs of implementing this proposal before taking action on this item. To the extent the Department is unable to provide sufficient justification for some components of this proposal, the LAO would recommend the Legislature reject those components of the proposal in 2019-20. Doing so would not impede the Department's ability to accept the C-130s in future years or to begin the related capital projects proposed.

**Require an assessment to inform future budget decisions.** In order to guide potential increases in fire response resources in future years, the LAO recommend that the Legislature adopt supplemental reporting language to require CalFire, in coordination with the Governor's Office of Emergency Services, to provide an assessment of existing state, mutual aid, and federal fire response capacity; gaps in capacity; and where additional resources would be most beneficial. Such an assessment should evaluate state and local responsibilities, and include all types of fire response including fire engines, air attack, and other resources. The assessment should evaluate the cost-effectiveness of increasing CalFire resources compared to increasing other resources, appropriate funding sources, goals for fire response, and expected outcomes and benefits from addressing gaps in capacity. In addition, the assessment should identify potential capital outlay needs, such as adding fire stations or helitack bases. Lastly, the assessment should prioritize identified gaps in coverage or identified demands for additional resources. The LAO recommends that the Legislature require CalFire to submit this assessment by April 1, 2020 in order to inform potential future budget decisions related to increasing fire response capacity.

<b>STAFF COMMENTS</b>
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Given the increased wildfire risk, it is reasonable to provide CalFire additional resources for enhanced fire protection. However staff recommends withholding action on this item until adequate justification is provided for the C-130 item.

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**Staff Recommendation: Hold Open.**

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**ISSUE 3: EMERGENCY MEDICAL SERVICES: DATA AND INFORMATION SYSTEMS (AB 1129)**

The Governor's budget requests \$3.2 million General Fund and 7.8 positions ongoing to comply with Assembly Bill 1129 (Burke, Chapter 377, Statutes of 2015).

**BACKGROUND**

**The National Emergency Medical Services Information System (NEMSIS) standards.** NEMSIS establishes the national standard for emergency medical services data collection for state, territories, and federal agencies. All agencies have signed a Memorandum of Understanding to provide the NEMSIS with the required data to evaluate patient and emergency medical services outcomes, to identify unmet needs, determine effective treatments, and improve the emergency medical services system throughout the United States and its territories.

The NEMSIS also provides data collection parameters that emergency medical services agencies must follow, to integrate emergency medical services patient care data with electronic medical records at hospitals, allowing emergency medical services providers, hospitals, and government agencies to exchange patient information securely and in real-time.

**AB 1129 (Burke, Chapter 377, Statutes of 2015).** AB 1129 requires emergency medical care providers to use an electronically transmissible data collection system that is compliant with the California Emergency Medical Services Information System standards, compliant with the National Emergency Medical Services Information System standards, and capable of integrating with the local emergency medical services agency's data system.

AB 1129 also required the Emergency Medical Services Authority to first promulgate regulations, which then allowed CalFire to determine its business needs and which technology could best meet the new requirements. These steps needed to be completed before a required Stage/Gate deliverables could be developed, which delayed the submission of a request for resources related to AB 1129 implementation.

Collecting statewide patient care data will enable CalFire to implement a comprehensive continuous quality improvement program that will ensure that CalFire emergency response personnel provide a high level of quality patient care, identify areas for performance improvement and training needs, and provide reliable patient statistical data for identifying trends in EMS response consistent with state regulations.

**STAFF COMMENTS**

CalFire is required to develop or procure an electronic means of submitting patient care data to each of the 33 local emergency medical services agencies and the Emergency Medical Services Authority in order to comply with AB 1129. Providing CalFire with the requested resources would enable them to comply with the law and provide a consistent method for patient care reporting that also maintains confidentiality of personal health information.

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**Staff Recommendation: Approve as budgeted.**

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**ISSUE 4: ENHANCED INDUSTRIAL DISABILITY LEAVE (SB 334 AND SB 1144)**

The Governor's budget requests \$4.2 million General Fund one-time for the estimated increase in workers' compensation and overtime costs. This request also included budget bill language authorizing an augmentation of up to \$3.5 million if expenditure data shows that costs related to SB 334 and SB 1144 exceed the \$4.2 million budgeted for SB 334.

**BACKGROUND**

**Worker's compensation at CalFire.** CalFire pays for injured workers' compensation benefits and medical expenses on a dollar for dollar basis. The State Compensation Insurance Fund (SCIF) provides claims administration services for CalFire, as overseen by the California Department of Human Resources. CalFire also pays SCIF a service fee for administrative services on each open case.

**SB 334 (Dodd, Chapter 857, Statutes of 2017) increases worker's compensation cost for CalFire.** SB 334 provides that CalFire firefighters may receive enhanced industrial disability leave (EIDL) benefits if they are temporarily (22 consecutive days) disabled in the course of state employment, regardless if it is on a scene of a fire or during training. The bill also entitles those eligible to receive an amount equivalent to their net salary for a period not to exceed 52 weeks.

**SB 1144 (Dodd, Chapter 897, Statutes of 2018) increases worker's compensation cost for CalFire further.** SB 1144 removes the requirement for 22 consecutive days of disability before the member becomes eligible for the EIDL benefit and provides for salary increases during the period of disability. By removing the 22 day wait and providing salary increased during leave, SB 1144 broadens the scope of SB 334 and potentially increases the cost to CalFire.

**Budget Act of 2018 provided one-time funding while CalFire gathers data on funding needs.** The Budget Act of 2018 provided \$4.2 million on a one-time basis to address anticipated increases in workers' compensation costs related to SB 334. The budget request indicated that SB 334 expenditures, and related funding requests, will be reviewed on an annual basis until three years of data is available to demonstrate the incremental increases in costs directly related to the legislation, at which time CalFire's ongoing funding needs will be assessed. Aggregating three years of data is important because: (1) the EIDL benefit can extend up to three years; and, (2) the expenditure data will be more representational of actual costs.

**STAFF COMMENTS**

CalFire continues to gather data on the incremental increases in costs directly related to these two bills in order to inform the ongoing funding needs. Therefore, funding this request on a one-time basis is reasonable. The amount requested is consistent with the approved one-time funding last year and the fiscal analysis of SB 334.

Further, the subsequently enacted SB 1144 expanded the scope of SB 334, which could represent an added cost pressure to CalFire. The budget bill language would allow for an additional augmentation.

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**Staff Recommendation: Approve as budgeted.**

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**ISSUE 5: FACILITIES REPAIRS AND MAINTENANCE**

The Governor's budget requests \$9.5 million General Fund and 22.3 permanent positions in 2019-20, with additional staff in subsequent years, to build capacity in its Technical Services Unit to undertake projects and effectively repair and maintain over 2,000 structures across its 530 facilities statewide.

This proposal includes trailer bill language to establish the CalFire Infrastructure Projects Revolving Fund to enhance its ability to undertake agency-retained infrastructure improvement projects.

**BACKGROUND**

**CalFire's facility inventory includes approximately 2,600 state-owned structures.** Collectively, CalFire's facility inventory exceed 3.5 million square feet in total. Most of these facilities were constructed between 1930 and 1970, with over 80 percent having been built prior to 1970. Under the Americans with Disabilities Act (ADA), state and local governments are required to follow specific architectural standards in new construction and alterations of existing buildings to ensure equal access. The requirements of ADA are not met in any CalFire facility over 20 years old.

**CalFire's deferred maintenance backlog.** The accumulated deferred maintenance at CalFire has grown from \$126 million in 2015-16 to over \$140 million in 2019-20. Much of this is due to increased capacity and use of facilities for longer periods during the fire season. After one-time deferred maintenance funding expires, the existing facility repair budget of \$1.7 million annually is inadequate to protect the state's investment in CalFire's facilities or slow the increase of deferred maintenance costs.

**Previous funding for CalFire to address deferred maintenance needs.** The Budget Act of 2015 provided CalFire with \$3 million General Fund to address deferred maintenance needs, which was used to address drought exacerbated water supply issues at fire protection facilities. The Budget Acts of 2016 and 2018 allocated one-time appropriations of \$8 million and \$2 million, respectively, to CalFire for deferred maintenance projects. However, the backlog of repairs is growing year over year.

**Proposed trailer bill language.** The proposed trailer bill is anticipated to improve CalFire's operational stability and streamline its processes for agency-retained infrastructure projects. According to CalFire, the trailer bill language requested will provide CalFire the ability to more efficiently and effectively complete agency-retained infrastructure projects, ranging from construction to facility improvements. The proposed Infrastructure Projects Revolving Fund would also reduce workload and remove barriers for CalFire's Technical Services Unit staff by providing flexibility to extend timelines when necessary to complete all stages of complex projects.

The proposed Fund is consistent with other department-specific revolving funds that has been authorized so support the completion of mission critical agency-retained projects.

**STAFF COMMENTS**

Reducing the backlog of deferred maintenance projects is important for protecting the state's investments in its facilities. When adequate routine maintenance is not performed, it can sometimes trigger repairs that are more expensive in the future.

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**Staff Recommendation: Approve BCP as budgeted and approve trailer bill as proposed.**

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**ISSUE 6: FIREWORKS MANAGEMENT AND DISPOSAL**

The Governor's budget requests \$3.6 million General Fund ongoing to increase the state's overall fire prevention efforts and to reduce the influx of illegal fireworks within the state.

**BACKGROUND**

**The Office of the State Fire Marshal regulates fireworks.** Under state law, the Office of the State Fire Marshal (OSFM) within CalFire is responsible for the management and disposal of seized illegal fireworks. The OSFM is required to destroy dangerous and illegal fireworks once they are seized by local fire departments or law enforcement agencies.

**Types of fireworks.** Fireworks are classified through laboratory analysis, field examinations, and the test firing of firework devices. Firework classifications include: "safe and sane" or consumer fireworks; agricultural, wildlife, emergency signaling devices; party poppers and snap caps; and model, high-power, and experimental rocket motors.

**Regulation of fireworks varies across California.** Fireworks may be declared illegal by federal, state, or local governments. California law only allows certain fireworks that are designated as "safe and sane" by OSFM to be sold in California. Many local jurisdictions in California choose to ban the sale or use of all fireworks within their borders. Consequently, illegal fireworks seized by law enforcement agencies include those that are illegally made in or transported into the U.S., as well as fireworks that are legally purchased in one jurisdiction (including parts of California, in some cases) and brought into another jurisdiction where they are illegal. There are three broad types of illegal fireworks that are seized by local enforcement agencies:

- Dangerous fireworks as defined in HSC section 12505.
- Consumer fireworks that are approved for sale at the federal level but are not approved for sale in California ("federally legal" fireworks).
- "Safe and sane" fireworks that are legal for sale in California annually between June 28 and July 6, but are sold or possessed outside of this period or in an area where the local permitting entity has not approved their use.

The seized illegal fireworks are stockpiled for eventual collection and disposal by the OSFM.

**Seized illegal fireworks are deemed hazardous waste.** The seized illegal fireworks are classified as hazardous waste and must be disposed as such. The approach for disposal has previously taken two forms: (1) burning of unpackaged fireworks under an emergency burn permit issued by the Department of Toxic Substances Control (DTSC); and, (2) out-of-state shipping of fireworks in their original federally-approved packaging for disposal through a federally-approved waste hauler.

**Only way to dispose of illegal fireworks is to transport out of state.** In 2013, the DTSC notified CalFire that the burn facility previously utilized for disposal purposes could no longer be

used for the open burn of fireworks. Additionally, since illegal and dangerous fireworks are seized on a recurring annual basis, DTSC determined that the seized fireworks no longer met the eligibility criteria to qualify for emergency burn permits. The lack of an approved burn facility and the inability to obtain emergency permits eliminated one of the two available options for the treatment of seized illegal fireworks. Thus, all seized illegal fireworks must now be transported to an approved out-of-state hazardous waste facility by a federally approved waste hauler.

**Multiple attempts to establish sustainable funding for disposal.** SB 839 (Calderon, Chapter 563, Statutes of 2007) created the Fireworks Fund and required that moneys collected from increased fines and penalties from the seizure of illegal fireworks be deposited into the Fireworks Fund for enforcement and disposal of illegal fireworks. However, since its establishment, the Fireworks Fund has failed to provide a stable source of funding.

In 2013-14, the Governor's Budget proposed ongoing funding of \$500,000 in General Fund to dispose of seized illegal and dangerous fireworks stockpiled throughout the state. The Legislature only approved the funding on a one-time basis so that the policy committees could find a long-term solution to the problem. A solution did not materialize.

In 2014-15, the Governor's Budget proposed trailer bill language to establish a fee at the retail point of sale collected by the wholesalers of safe-and-sane fireworks in order to fund the ongoing fireworks problem. The proposal also included one-time funding of \$1.5 million from the Toxic Substance Control Account until the fees were assessed and collected to fund the program. The budget request was approved, however, the trailer bill failed passage.

In 2015-16, the Governor's Budget proposed one-time funding of \$5 million from the Toxic Substance Control Account to fund disposal of seized illegal and dangerous fireworks in anticipation of discussions with stakeholders on the development of a long-term solution. This one-time funding was approved.

In 2018-19, a May Revision proposal included one-time funding of \$3.6 million from the Environmental License Plate Fund and \$2.1 million in ongoing reimbursement authority for the Fireworks Fund. The proposal included trailer bill language to establish the Fireworks Stewardship Program. The funding generated by the program would support OSFM in overseeing fireworks management and disposal activities. The budget request was approved, however, the trailer bill language failed passage.

**Lack of sustainable funding for disposal has resulted in stockpiling.** Each year the State seizes on average over 220,000 pounds of fireworks needing to be disposed. Disposal of illegal fireworks is costly. Without a stable funding source for enforcement and disposal, the confiscation of illegal and dangerous fireworks throughout the State has resulted in stockpiles.

#### STAFF COMMENTS

The use and sale of illegal fireworks continues to rise in California creating significant environmental and fire hazards. There is currently no long-term sustainable funding source for the enforcement of illegal fireworks or the disposal of these fireworks. The Administration has

made multiple attempts to create a sustainable funding source by accessing a fee at the point of sale. However, those attempts repeatedly failed passage in the Legislature.

The Administration’s proposal to provide ongoing General Fund dollars for this purpose is a reasonable alternative, given the lack of support for a fee. Approving this request would resolve the long-standing issue of disposal of illegal and dangerous fireworks that are seized and stockpiled throughout the state and would provide a stable, long-term funding source to support the increasing demands for fireworks education, enforcement, and disposal.

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**Staff Recommendation: Approve as budgeted.**

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**ISSUE 7: PROFESSIONAL STANDARDS PROGRAM CONTINUATION**

The Governor's budget requests \$4 million ongoing (\$2.5 million General Fund, \$178,000 Greenhouse Gas Reduction Fund, and \$1.3 million in reimbursement authority) and 14 positions to continue the Professional Standards Program.

**BACKGROUND**

**Administrative investigations at CalFire.** CalFire is required to conduct an administrative investigation when a formal complaint is filed against a peace officer pursuant to the Public Safety Officers Procedural Bill of Rights and the Firefighters Procedural Bill of Rights. CalFire is also required to conduct an investigation when a complaint or suspicion of employee misconduct is filed and received via the California Whistleblowers Protection Act.

The most common administrative investigations are conducted in response to citizen complaints and employee behavior. An administrative investigation consists of interviewing the subject(s) of the allegation(s), witnesses to activities, and supervisors of affected employees. Investigations require evidence collection, document review, analysis of gathered information, surveillance, and detailed documentation of all findings and opinions. These investigations typically average between 40 and 80 hours to complete. Complex investigations can require hundreds of hours and a multitude of personnel.

**The Professional Standards Program (PSP).** The PSP is a centralized dedicated unit that: (1) trains all employees on professional conduct; (2) provides more comprehensive supervisor and manager training; (3) provides guidelines to promote the application of consistent progressive discipline throughout CalFire; and, (4) provides additional oversight on administrative investigations.

The PSP was created and funded as part of the Budget Act of 2016. However, the funding and positions were only provided on a three-year limited term basis.

Prior to the PSP, CalFire did not have a centralized process or dedicated staff responsible for performing administrative investigations and preparing adverse actions. Instead, they had to redirect existing staff from other programs, resulting in the delay or deferral of assigned responsibilities. According to the Administration, prior to the establishment of the PSP, the quality of investigation and written adverse actions suffered because temporarily assigned investigators are unable to maintain proficiency in these skills. Further, at that time, the lack of a centralized oversight resulted in inconsistent investigations and execution of adverse actions, penalties, and investigative materials.

**STAFF COMMENTS**

This request to make the Professional Standards Program permanent is reasonable. The workload and need for this program is established and ongoing and would enable CalFire to continue a robust training program and perform consistent investigations statewide.

While staff has no issues with making this program permanent, there is a question as to the appropriateness of using Greenhouse Gas Emission Reduction Fund (GGRF) for the continuation of this program. While the proposed amount out of GGRF is a small one, it is ongoing and there exist no direct nexus to reducing greenhouse gases.

The Subcommittee may wish to direct CalFire to revise this proposal and supplant the proposed ongoing amount from GGRF with another more appropriate fund source.

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**Staff Recommendation: Hold Open.**

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**ISSUE 8: VARIOUS CAPITAL OUTLAY PROJECTS**

The Governor's budget requests \$40,041,000 for a number of capital outlay projects. Specifically, this proposal requests for the following:

<b>Project Title</b>	<b>Description</b>
Butte Fire County: Replace Facility (New)	Requests \$2,650,000 General Fund one-time for the preliminary plans phase to replace the Butte Conservation Camp, in Butte County. Butte Fire Center was constructed in the mid-1940s and no longer meets current operational requirements.
Davis Mobile Equipment Storage (New)	Requests \$975,000 General Fund one-time for the preliminary plans, working drawings, and construction phases of this project to construct two metal storage buildings. These buildings will replace the existing warehouse at the Davis Mobile Equipment Facility in Yolo County and will house 12 fire engines.
Elsinore Fire Station: Relocate Facility (New)	Requests \$1,800,000 General Fund one-time for the acquisition phase to replace the Elsinore Fire Station in Riverside County. The Elsinore Fire Station built in 1946 has functional deficiencies and is not large enough to properly house both equipment and employees. The apparatus building is inadequate to accommodate the larger fire engines currently in use.
Growlersburg Conservation Camp: Replace Facility (New)	Requests \$3,050,000 General Fund one-time for the preliminary plans phase to replace the existing Growlersburg Conservation Camp in El Dorado County, which no longer meets programmatic needs.
Hemet-Ryan Air Attack Base: Replace Facility (New)	Request \$1,931,000 General Fund one-time for the preliminary plans phase to replace the existing Hemet-Ryan Air Attack Base in Riverside County, which no longer meets programmatic needs.
Hollister Air Attack/Bear Valley Helitack Base: Relocate Facilities (New)	Requests \$12,150,000 General Fund one-time for the acquisition phase to relocate the existing Hollister Attack Base and Bear Valley Helitack Base in San Benito County, which no longer meets programmatic needs.
Humboldt-Del Norte Unit Headquarters - Relocate Facility (New)	Requests \$1,860,000 General Fund one-time for the acquisition phase to relocate the Humboldt-Del Norte Unit Headquarters and the Fortuna Fire Station in Humboldt County, which no longer meets programmatic needs.
Ishi Conservation Camp: Replace Kitchen (Continuing)	Requests \$5,380,000 General Fund one-time for the construction phase to replace the kitchen/dining facility that was destroyed by fire at the existing state-owned Ishi Conservation Camp in Tehama County.

Minor Projects- Boggs Mountain DSF Administration Building Replacement (New)	Requests \$975,000 General Fund one-time to construct a new administration building at the existing state-owned Boggs Mountain Demonstration State Forest.
Minor Projects- Rohnerville AAB Aviation Fuel System Replacement (New)	Requests \$975,000 General Fund one-time for the Rohnerville Air Attack Base Fuel System Replacement project. This project would remove the current aviation fuel tank and replace it with an upgraded 25,000 gallon aviation fuel tank and it would also remove and replace the fuel distribution system with a system capable of fueling multiple aircraft at the same time.
Minor Projects- Weed Fire Station- Construct Administration Building (New)	Requests \$851,000 General Fund one-time to construct a new administration building at the existing state-owned Weed Fire Station in Siskiyou County to improve Unit operations.
Perris Emergency Command Center: Remodel Facility (Continuing)	Requests \$834,000 General Fund one-time for the construction phase to remodel the Perris Emergency Command Center (ECC) in Riverside County, which has functional deficiencies.
Potrero Forest Fire Station: Replace Facility (Continuing)	Requests \$981,000 General Fund one-time for the working drawings phase to replace the Potrero Forest Fire Station in San Diego County, which has functional deficiencies.
Prado Helitack Base: Replace Facility (Continuing)	Requests \$1,300,000 General Fund for the working drawings phase to replace the existing Prado Helitack Base in San Bernardino County, which no longer meet programmatic needs.
Shasta Trinity Unit Headquarters/ Northern Operations: Relocate Facility (Continuing)	Requests \$4,329,000 General Fund one-time for the preliminary plan phase to construct a new joint facility to co-locate the Shasta Trinity Unit Headquarters and several Northern Region Operations - Redding facilities.

**BACKGROUND**

**CalFire operates over 500 facilities statewide.** Collectively, CalFire’s facility inventory exceed 3.5 million square feet in total. CalFire facilities include forest fire stations, telecommunication sites, fire/conservation camps, ranger unit headquarters, air attack bases, helitack bases, state forests, administrative headquarters, and miscellaneous facilities.

**Main drivers of capital outlay needs.** The main driver of capital outlay needs is the replacement of aging facilities with structural and space deficiencies. Further, changes in

technology, equipment, and emergency response techniques renders a majority of the older facilities no longer provide adequate space. Although the age of a facility does not directly drive infrastructure need, there is a strong correlation between the age of a facility and structural and spatial deficiencies. For example, some of the older fire stations are not big enough to accommodate new fire trucks and other modern fire-fighting equipment. In addition, years of constant use have degraded the quality and safety of some of the older structures. As a general rule, facilities in excess of 50 years, which is the maximum amount of time these facilities are currently designed to last, are the most likely to require replacement.

In addition to aging facilities, urban encroachment on rural areas also drives capital outlay needs. As rural areas become more populated and incorporated by cities, the land surrounding or nearby some fire stations is no longer SRA. Urban encroachment also brings traffic congestion, which can further increase response times. Because initial response times are critical, especially in preventing major fire events, as certain stations become less strategically located within SRAs, it is sometimes necessary to move these stations closer to the areas over which they have responsibility.

Site lease expirations also drive the need for some relocation projects. A large number of CalFire's facilities were built between 1930 and 1960, when it was common for the state to acquire low-cost, long-term leases in lieu of land purchases. Many of the leases had 50 to 60-year terms that are now expiring. Although negotiations result in some lease extensions, some owners are unwilling to extend their leases with the state or request lease terms that the state finds unacceptable. In such cases, the only option is to relocate the facility.

**Proposed capital outlay projects were part of CalFire's 5 year infrastructure plan.** Many of the proposed projects are listed as new proposals. However, these projects at one point in time received funding for early capital outlay stages such as a study or a preliminary plan. Due to funding constraints of both General Fund and General Fund supported bond financing, these projects were placed on hold.

#### STAFF COMMENTS

CalFire has significant capital outlay and maintenance needs due to the age of their facilities. Nearly three-fourths of CalFire's facilities were built prior to 1950. In addition, many facilities were not designed for the amount and type of use required of them today. Addressing the structural and functional deficiencies of these facilities would help support CalFire's departmental operations and improve their ability to effectively and efficiently deliver emergency response resources.

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**Staff Recommendation: Approve as budgeted.**

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**ISSUE 9: CONTRACT COUNTY CAPITAL OUTLAY**

The Governor's budget requests \$3.3 million General Fund ongoing to restore proportional capital outlay funding to the six Contract Counties.

**BACKGROUND**

**Contract counties.** CalFire provides fire protection in State Responsibility Areas. A contract county is a county that has elected (with the concurrence of the Director of CalFire) to assume the responsibility of the fire protection of State Responsibility Area. There are six contract counties in the State. They provide wildland fire services in their respective jurisdictions. The six contract counties are as follows: Los Angeles, Orange, Santa Barbara, Ventura, Kern, and Marin.

**CalFire provided contract counties with capital outlay funding from 1987 - 2012.** Beginning in 1987, CalFire provided contract counties with funding for their capital outlay needs. The specific amount paid were based on a per-agreed formula, which amounts to 19 percent of CalFire's capital outlay expenditures. These payments ceased in 2012. From 1987 – 2012, the six contract counties received an annual combined average of \$974,979.

**STAFF COMMENTS**

This proposal seeks to restore the proportional capital outlay funding that the State once provided the contract counties. Given the contractual relationship between CalFire and these counties, it is reasonable for the State to provide some level of assistance for their capital outlay needs. However, basing the amount on the 19 percent formula is arbitrary. CalFire's annual expenditures on capital projects vary based on a multitude of factors beyond actual capital outlay needs.

The Subcommittee may wish to consider assigning a set amount moving forward instead of using the 19 percent formula.

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**Staff Recommendation: Hold Open.**

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## 3340 CALIFORNIA CONSERVATION CORPS

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### ISSUE 10: VARIOUS CAPITAL OUTLAY PROJECTS

The Governor's budget requests \$9.3 million one-time in General Fund for the working drawing phases to replace several residential centers. Specifically, this proposal includes:

- \$808,000 for working drawings to renovate the existing Fortuna Residential Center in Humboldt County.
- \$3,745,000 for working drawings to replace the existing Greenwood Residential Center in El Dorado County.
- \$1,194,000 for working drawings to renovate the existing Los Pinos facility located in Orange County.
- \$3,550,000 for working drawings to replace the existing Ukiah Residential Center in Mendocino County.

### BACKGROUND

**The California Conservation Corps (CCC).** The CCC provides young adults between the ages of 18 and 25 (and veterans to age 29) work experience and educational opportunities. Program participants, referred to as corpsmembers, work on projects that conserve and improve the environment. They also provide assistance during natural disasters. Work projects are sponsored by various governmental and nongovernmental agencies that reimburse CCC for the work performed by corpsmembers. Corpsmembers often live in residential facilities that serve as a hub of CCC service delivery. Typical activities include academic and technical training, as corpsmembers pursue educational and career development goals. After successfully completing a year, corpsmembers are eligible to receive a scholarship toward continuing education or training.

**CCC Facilities.** The CCC operates 24 facilities in urban and rural areas statewide, 8 residential centers and 16 nonresidential facilities known as satellite facilities. The typical residential center includes a dormitory, dining room and kitchen, administrative offices, recreational facilities, classroom space, and warehouse space. The residential centers normally house between 80 and 100 corpsmembers. About 644 corpsmembers (44 percent) live in residential centers. About 806 corpsmembers (56 percent) report to nonresidential centers.

**The Administration asserts that the proposed expansion will achieve multiple goals.** First, residential centers allow access to the CCC program for young adults from all parts of the state, not just those that live within commuting distance of a nonresidential center. Corpsmembers must find affordable housing within commuting distance of a nonresidential center. This can present a barrier in regions where the cost of living is relatively high.

Second, CCC states that residential centers offer an enhanced level of service than its nonresidential centers by: (1) providing a structured environment offering full immersion in work projects and educational programs; (2) offering stability and security; (3) providing many opportunities for community engagement and personal development; and, (4) allowing CCC to respond more quickly to requests for emergency assistance. According to CCC, residential centers also provide more time for corpsmembers to dedicate to academics, in part, because they spend less time commuting. CCC has provided some limited data to show that corpsmembers in school at residential centers achieved greater gains in math and reading levels than their counterparts in nonresidential centers. The Department also states that residential center corpsmembers are more likely to participate in community service projects than nonresidential center corpsmembers.

Third, CCC states that the proposed expansion would allow it to better meet the needs of the local communities by having more corpsmembers and offering a residential center program in additional areas of the state.

**Budget Act of 2016 approved the initial phase of three new residential centers.** The Governor's budget in 2016-17 proposed a major expansion of the CCCs' residential centers. The plan at the time proposed a combined total of \$171 million over the next five years from the General Fund and lease-revenue bond funds to design and construct the new CCC residential centers.

The Budget Act of 2016 included \$400,000 for the acquisition phase of residential centers in Napa (\$200,000), Pomona (\$100,000), and Ukiah (\$100,000). Acquisition phase costs include an investigation of the condition of a property, surveys, title costs, appraisal fees, and staff time.

Acquisition of the Ukiah Residential Center is currently underway. The sites in Napa and Pomona are no longer being pursued for CCC residential centers.

**Budget Act of 2018 approved the preliminary plans phase of the proposed expansion.** The Governor's budget in 2018-19 proposed a total of \$8,463,000 for the preliminary plans phase of all four projects.

The Budget Act of 2018 approved: \$1,052,000 General Fund for the new Multi-Purpose Building at the Fortuna Residential Center, \$2,866,000 General Fund for the replacement of the existing Ukiah Residential Center, \$1,373,000 General Fund for the renovation of the existing Los Pinos facility, and \$3,172,000 General Fund for the replacement of the existing Greenwood Residential Center.

#### STAFF COMMENTS

The merits of renovating and/or expanding these centers have been debated and approved in previous years. This request would fund the working drawing phases of these projects.

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**Staff Recommendation: Approve as budgeted.**

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