

Budget Change Proposal - Cover Sheet

Fiscal Year: 2020-21

Business Unit: 3540

Department: Forestry and Fire Protection

Priority Number: [Click or tap here to enter text.](#)

Budget Request Name: 3540-015-BCP-2020-GB

Program: 2470-Resource Management

Subprogram: 2470010 Resources Protection and Improvement

Budget Request Description: Forest Resources Improvement Fund Expenditure
Authority Re-Baseline

Budget Request Summary: The Department of Forestry and Fire Protection (CAL FIRE) requests \$3 million Forest Resources Improvement Fund (FRIF) in fiscal year 2020-21 and \$2.4 million FRIF starting in 2021-22 and ongoing to re-baseline the FRIF state operations budget to support all authorized positions and programmatic expenditures in addition to costs to operate and maintain the eight Demonstration State Forests. In addition, trailer bill language is requested to effectuate this Budget Change Proposal.

Requires Legislation: Yes No

Code Section(s) to be Added/Amended/Repealed: Public Resources Code section 4799.13

Does this BCP contain information technology (IT) components? Yes No

If yes, departmental Chief Information Officer must sign.

Department CIO Name: [Click or tap here to enter text.](#)

Department CIO Signature:

Signed On Date: Click or tap here to enter text.

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project Number: Click or tap here to enter text.

Project Approval Document: Click or tap here to enter text.

Approval Date: Click or tap here to enter text.

If proposal affects another department, does other department concur with proposal?

Yes No

Attach comments of affected department, signed and dated by the department director or designee.

Prepared By: Click or tap here to enter text.

Date: Click or tap here to enter text.

Reviewed By: M. Gamer

Date: 01/07/2020

Department Director: T. Porter

Date: 01/07/2020

Agency Secretary: B. Cash on behalf of W. Crowfoot

Date: 01/08/2020

Department of Finance Use Only

Additional Reviews: Capital Outlay: ITCU: FSCU: OSAE:

Department of Technology:

PPBA: Stephen Benson

Date submitted to the Legislature: January 10, 2020

A. Budget Request Summary

The Department of Forestry and Fire Protection (CAL FIRE) requests \$3 million Forest Resources Improvement Fund (FRIF) in fiscal year 2020-21 and \$2.4 million FRIF starting in 2021-22 and ongoing to re-baseline the FRIF state operations budget to support all authorized positions and programmatic expenditures in addition to costs to operate and maintain the eight Demonstration State Forests. In addition, trailer bill language is requested to effectuate this Budget Change Proposal (BCP).

B. Background/History

The State Forests were established in 1946 to accomplish three primary objectives: timber production; research and demonstration; and recreation. This program currently spans approximately 71,000 acres across eight Demonstration State Forests.

Revenue from timber sales and recreation fees (primarily camping, special use permits, and gathering minor forest products such as firewood, Christmas trees, and mushrooms) support State Forest personnel and operations. The State Forests grow approximately 75 million board feet of timber annually, and the program can sustainably harvest approximately 30 million board feet annually (enough to build 1,850 average-sized residential homes). Revenues into the FRIF fluctuate based on the sale price of timber and related market trends, but projected revenues into the FRIF appear to be sufficient to support the operating costs of the State Forests Program as proposed. In addition, if actual revenues begin to decrease, the program can be scaled back consistent with the actual revenue collected.

The Mendocino County Superior Court issued a ruling in July of 2003 that invalidated the Jackson Demonstration State Forest management plan and ordered CAL FIRE to cease all harvesting activities until the Board of Forestry and Fire Protection (Board) approved a new management plan and associated environmental impact report. FRIF revenue decreased during this time and vacant or vacated positions were left unfilled. During this time of reduced funding, ongoing forestland maintenance projects such as bridge replacements, rehabilitation of understocked stands, road improvement work to support recreation, road decommissioning, and stream crossing improvements were deferred.

A 2008-09 State Forest Personnel BCP provided position authority for 15.4 positions to the CAL FIRE State Forest Program. These staffing levels were designed to support the research, management, and monitoring functions built into the new management plan for Jackson State Forest and the resumption of timber harvesting activities. CAL FIRE approached the commitment to additional full-time staff cautiously to confirm that: 1) timber harvesting would resume at anticipated levels; and 2) associated revenues were sufficient to support these staffing levels. Timber harvesting did resume

in Jackson Demonstration State Forest in 2008; however, CAL FIRE phased in timber operations in order to provide time to engage with and build support among members of the local community. Revenues were lower than anticipated given that these timber harvest operations coincided with the 2008 economic recession. Harvesting at Jackson State Forest did eventually meet the initial target of 15 million board feet per year in 2010, but the impacts of the recession on timber markets continued through 2014 as the housing market, which drives much of the timber demand, was slow to recover.

During this period of decreased revenues and uncertainty, CAL FIRE took actions to reduce programmatic expenditures, such as holding positions vacant and not purchasing budgeted vehicles, until the FRIF could demonstrate the ability to support the cost of existing positions while maintaining a stable reserve to buffer against future economic uncertainties. There has been an increase in revenues over the last two fiscal years, resulting in a more stable fund balance. This programmatic re-baselining will reverse some of the actions taken to reduce expenditures during the recession and ensures that CAL FIRE has sufficient funding authority to support personnel and operating costs and meet increased demands on the State Forest Program.

The new realities of climate change, droughts, and larger, more intense wildfires, have brought increased attention to the State Forests as destinations for monitoring, adaptive management, and education and research of best management practices to support forestry enterprises that are both ecologically and financially sustainable. Because the Demonstration State Forests are actively managed public forests, they are uniquely suited for research regarding how to manage California's forests in the face of an uncertain climate future. Through applied research, the State Forests contribute to scientific understanding to inform policy discussions of issues such as climate change, carbon sequestration, fire hazard reduction, watershed functioning, and fish and wildlife habitat. These issues, combined with the steadily increasing demand for recreational opportunities, especially mountain biking that is generally not available on other public lands, are not only changing the direction of management on the Demonstration State Forests, but also placing a greater demand on existing personnel to successfully implement the Program and meet the statutory program objectives of timber production, research and demonstration, and recreation.

C. State Level Considerations

The proposal is consistent with the state policy outlined in the Forest Carbon Plan, which calls for increasing actively managed forests to secure carbon in growing trees; the Forest Management Task Force, which is leading the state's efforts to increase forest health; and Executive Order N-05-19 and CAL FIRE's Community Wildfire Prevention and Mitigation Report, which include directives to identify ways to improve public safety in forested communities.

This proposal is consistent with the following goals and objectives in CAL FIRE's 2019 Strategic Plan:

Goal #1: Improve our core capabilities.

Objective (1): Analyze and integrate core operations functions at all levels of the Department.

Objective (3): Expand forestry and fire prevention through effective natural resource management programs, education, inspections, and land use planning.

This proposal is also consistent with the following goals and objectives in CAL FIRE's 2018 Strategic Fire Plan:

Goal #4: Build and engaged, motivated, and innovative workforce.

Objective (1): Address skill gaps and barriers through creative outreach and recruiting. The State Forests play a critical role in recruiting foresters into CAL FIRE resource management programs.

D. Justification

CAL FIRE requests \$3 million FRIF in 2020-21 and \$2.4 million FRIF in 2021-22 and ongoing to re-baseline FRIF to support all authorized positions and programmatic expenditures as well as the costs associated with operation and maintenance of the eight Demonstration State Forests. CAL FIRE is not requesting any additional positions as a part of this request.

The State Forest Program provides significant benefits to the state's forests and ecosystems as well as individuals across the state. This program has strong stakeholder support in each community it operates in, including advisory committees of community stakeholders that help guide operations.

Current funding levels have resulted in a decrease in the level of services provided and are insufficient to effectively operate and maintain the Demonstration State Forests. The evolving nature of operations in the State Forests program requires increased staffing levels to meet the level of service expected by the public and to meet the statutorily-defined objectives of timber production, research and demonstration, and recreation.

The demand for State Forest operations has increased along with personnel and operating costs. Personnel spend greater amounts of time completing timber harvest

plan preparation, review, and implementation. Requests for research have increased given the expanded availability of funding for forest management research targeting actively managed forests, especially in the areas of climate change, carbon sequestration, fuel reduction, wildlife, and water quality, quantity, and timing. Public demand for recreation (i.e., camping, hiking, biking, etc.) is also increasing, driving increased costs and putting greater demands on staff responsible for managing facilities and maintaining public safety for those recreating in the State Forests. Members of the public have been requesting public educational opportunities and materials such as group tours, kiosks, and brochures on creating and maintaining forest health and fire prevention with increasing frequency. The Forest Practice Rules promote higher standards for road and watercourse crossing construction and maintenance, and abandoning legacy roads that no longer serve the needs of modern forest management.

Increased recreation also brings the need for more personnel to be on duty during weekend hours when recreation is at its highest. This makes it more difficult for current staff to adequately meet the needs of forest management, research, and recreation without specializing in individual program activities. Personnel are required to enforce the forest rules and regulations at all times, educate the public about sustainable forestry and ways to prevent forest fires, and maintain the campground facilities for overnight guests. This function is transitioning into a full-time workload for staff and drawing down the capacity to support research and perform general forest management activities.

Additionally, current baseline funding is not sufficient to fund the periodic one-time projects that are a critical part of effectively managing the Demonstration State Forests. CAL FIRE is frequently unable to undertake projects at multiple forests in the same fiscal year given the lack of funding available for this purpose. These projects provide substantial ecologic benefits, but are often delayed or deferred until timber harvesting is performed in the general area. Increasing CAL FIRE's FRIF funding authority will enable the State Forest Program to implement a wider array of projects necessary to support timber operations as well as other restoration activities that provide ecological and recreational benefits.

Timber prices have returned to their historically stable levels. The long-term outlook for lumber markets is strong and macro-economic factors, including the tariffs on Canadian lumber, have increased domestic demand, resulting in greater bids for State Forest timber sales. Increased spending authority will allow CAL FIRE to re-invest a portion of this reserve in personnel to better provide forest management, research, and recreation on the forests while continuing to invest in the maintenance of roads, bridges, recreational facilities, and support forest research and monitoring.

Additionally, trailer bill language is requested to clarify subdivision (b) of Public Resources Code 4799.13, which authorizes a transfer of moneys in excess of the

amount needed to support the operations of the State Forests Program from the FRIF to the General Fund. As of now, there is a lack of clarity as to when or under what conditions this transfer should occur. Accordingly, trailer bill language is requested to clean this subdivision up and provide more explicit definitions and conditions.

E. Outcomes and Accountability

If this request is approved, CAL FIRE will possess the resources and personnel needed to support the State Forest Program, provide benefits to the state's forests, ecosystems, and individuals residing throughout the state, and respond to public education requests related to forest management and fire prevention.

F. Analysis of All Feasible Alternatives

Alternative 1: Approve \$3 million FRIF in 2020-21 and \$2.4 million FRIF in 2021-22 and ongoing to re-baseline the FRIF state operations budget. In addition, trailer bill language is requested to effectuate this BCP.

The advantages for Alternative 1 are:

- 1) Restores the ability of the State Forest Program to offer a high level of service across all its Legislatively-mandated activities: timber production, research and demonstration, and recreation.
- 2) Enables the state to meet public demand for educational opportunities related to forest management research and demonstrations relevant to fire hazard reduction, climate change, carbon sequestration, and sustainable forest management.

The disadvantages for Alternative 1 are: Increased costs, including ongoing personnel costs, to the FRIF.

Alternative 2: Deny this request.

The advantages for Alternative 2 are:

- 1) No additional costs to FRIF.

The disadvantages for Alternative 2 are:

- 1) The State Forest Program may not be able to meet the expectations of the public and the Legislatively-stated goals of the Program to provide a high level of service across the Demonstration State Forests.

2) The State Forest Program may not be able to consistently respond to public's request for forest management research and demonstrations relevant to fire hazard reduction, climate change, carbon sequestration, and sustainable forest management.

3) Puts CAL FIRE at risk of not meeting its Legislatively-mandated responsibilities within the State Forest Program.

G. Implementation Plan

Once the Budget Act of 2020 is enacted, CAL FIRE will then advertise for needed and applicable vacant positions through CalCareers. All list eligible, lateral/transfer, and/or SROA candidates will be considered. In addition, CAL FIRE will address the State Forest projects with the biggest benefits for restoration activities and to support forest research and monitoring.

H. Supplemental Information

CAL FIRE is requesting funding for 12 pickups in 2020-21. The vehicles are necessary to conduct forest management activities at the eight Demonstration State Forests. There are no additional vehicles that can be redirected due to the current cap on vehicles, so funding in 2020-21 is necessary to acquire and pay for new vehicles.

In addition to the new vehicles, CAL FIRE is requesting funding for the Department of General Service's (DGS) long-term vehicle lease due to timing issues between the DGS approval of CAL FIRE's annual fleet acquisition plan that will request the above-noted vehicles and the actual delivery and outfitting of the vehicles. CAL FIRE will need to enter a DGS long-term lease for the vehicles as a result of this timing. This long-term lease will also be included in the CAL FIRE annual fleet acquisition plan, as required by DGS.

I. Recommendation

Alternative 1: Approve \$3 million FRIF in 2020-21 and \$2.4 million FRIF in 2021-22 and ongoing to re-baseline the FRIF state operations budget to support all authorized positions and programmatic expenditures as well as the costs to operate and maintain the eight Demonstration State Forests. In addition, approved trailer bill language requested to effectuate this BCP.

BCP Fiscal Detail Sheet

BCP Title: Forest Resources Improvement Fund Expenditure Authority Re-Baseline

BR Name: 3540-015-BCP-2020-GB

Budget Request Summary

Personal Services

Salaries and Wages Earnings - Permanent	0	92	92	92	92	92
Total Salaries and Wages	\$0	\$92	\$92	\$92	\$92	\$92
Total Staff Benefits	0	1,285	1,285	1,285	1,285	1,285
Total Personal Services	\$0	\$1,377	\$1,377	\$1,377	\$1,377	\$1,377

Operating Expenses and Equipment

Operating Expenses and Equipment	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
5301 - General Expense	0	-680	-680	-680	-680	-680
5304 - Communications	0	-53	-53	-53	-53	-53
5320 - Travel: In-State	0	-29	-29	-29	-29	-29
5322 - Training	0	-3	-3	-3	-3	-3
5324 - Facilities Operation	0	-75	-75	-75	-75	-75
5326 - Utilities	0	2	2	2	2	2
5340 - Consulting and Professional Services - Interdepartmental	0	-763	-763	-763	-763	-763
5340 - Consulting and Professional Services - External	0	-400	-400	-400	-400	-400
5344 - Consolidated Data Centers	0	-8	-8	-8	-8	-8
5346 - Information Technology	0	-36	-36	-36	-36	-36
5368 - Non-Capital Asset Purchases - Equipment	0	1,134	546	546	546	546
539X - Other	0	2,567	2,567	2,567	2,567	2,567
Total Operating Expenses and Equipment	\$0	\$1,656	\$1,068	\$1,068	\$1,068	\$1,068

Total Budget Request

Total Budget Request	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
Total Budget Request	\$0	\$3,033	\$2,445	\$2,445	\$2,445	\$2,445

Fund Summary

Fund Source

Fund Source	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
State Operations - 0928 - Forest Resources Improvement Fund	0	3,033	2,445	2,445	2,445	2,445
Total State Operations Expenditures	\$0	\$3,033	\$2,445	\$2,445	\$2,445	\$2,445
Total All Funds	\$0	\$3,033	\$2,445	\$2,445	\$2,445	\$2,445

Program Summary

Program Funding

Program Funding	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
2470010 - Resources Protection and Improvement	0	3,033	2,445	2,445	2,445	2,445
Total All Programs	\$0	\$3,033	\$2,445	\$2,445	\$2,445	\$2,445

Personal Services Details

Salaries and Wages

Salaries and Wages	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
VR00 - Various	0	92	92	92	92	92
Total Salaries and Wages	\$0	\$92	\$92	\$92	\$92	\$92

Staff Benefits

Staff Benefits	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
5150900 - Staff Benefits - Other	0	1,285	1,285	1,285	1,285	1,285
Total Staff Benefits	\$0	\$1,285	\$1,285	\$1,285	\$1,285	\$1,285

Total Personal Services

Total Personal Services	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
Total Personal Services	\$0	\$1,377	\$1,377	\$1,377	\$1,377	\$1,377