Memorandum

From: Wade Crowfoot, Secretary
California Natural Resources Agency

Date: September 30, 2019
Telephone: (916) 653-7772
Website: www.fire.ca.gov

Thomas W. Porter, Director
California Department of Forestry and Fire Protection (CAL FIRE)

Subject: GREENHOUSE GAS REDUCTION FUND – Department of Forestry and Fire Protection

EXPENDITURE RECORD FOR FISCAL YEAR 2019-2020
Department of Forestry and Fire Protection – Forest Health Grant Program

This Attestation Memorandum documents that the California Natural Resources Agency and the California Department of Forestry and Fire Protection (CAL FIRE) completed the attached Expenditure Record on August 16, 2019, for the Forest Health Grant Program. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 and with the California Air Resources Board’s (CARB) Funding Guidelines for Agencies that Administer California Climate Investments to support expenditures from the Greenhouse Gas Reduction Fund.

This Attestation Memorandum and Expenditure Record will be submitted to CARB for public posting on the CARB website: www.arb.ca.gov/caclimateinvestments. Questions on this Attestation Memorandum or Expenditure Record may be directed to Helge Eng, Deputy Director for Resource Management at (916) 653-5000 or helge.eng@fire.ca.gov.

Attachment

Signed:

Wade Crowfoot, Secretary
California Natural Resources Agency

Thomas W. Porter, Director
California Department of Forestry and Fire Protection

"The Department of Forestry and Fire Protection serves and safeguards the people and protects the property and resources of California."

Element (1) A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.

- Agency that will administer funding
  - Department of Forestry and Fire Protection (CAL FIRE)

- Amount of proposed expenditure and appropriation reference
  - The total expenditure is up to $160 million for Healthy Forests and Fire Prevention, per Section 2, Item 3540-001-3228 of the Budget Act of 2019 (Chapter 23, Statutes of 2019).

- Estimated amount of expenditures for administering agency administrative costs
  - The total expenditure includes $1.034 million for administrative costs.

- If applicable, identify laws or regulations that govern how funds will be used
  - AB 1532 (Pérez, Chapter 807, Statutes of 2012), Senate Bill (SB) 535 (de León, Chapter 830, Statutes of 2012), SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), SB 862 (Budget and Fiscal Review Committee, Chapter 36, Statutes of 2014), and AB 1550 (Gomez, Chapter 369, Statutes of 2016) provide the general framework for how the auction proceeds will be administered to further the purposes of AB 32.
  - AB 1550, Gomez, Chapter 369, Statutes of 2016 describes use of GGRF in low income communities.
  - Public Resources Code §4799.05 authorizes the Forest Health Program.
  - Public Resources Code §12200-12276 establishes and describes the California Forest Legacy Program.
  - Civil Code §815.11 describes requirement of easement management plans that accompany conservation easements, which may be purchased through the Legacy Program.
Title 16 United States Code §2103(c) establishes and describes the federal Forest Legacy Program. Executive Order N-05-19 and subsequent Proclamation of State of Emergency, issued by Governor Gavin Newsom in March of 2019, requires CAL FIRE to implement fuels reduction work on identified priority projects and use of California National Guard in part to complete the work.

This is a new Expenditure Record.

Land conservation
Land restoration and forest health
Natural resources and waste diversion

Projects may include multiple forest health and biomass utilization activities including:
- Forest fuel reduction treatments
- Pest management activities
- Reforestation
- Conservation easements and fee title for forest land
- Biomass use
- Planning
- Research

Federal agencies
State agencies
Local public agencies
Native American tribes
Private timberland owners
Resource Conservation Districts
Non-profit organizations
Private forest landowners

Competitive solicitation, evaluation, and selection of projects according to program guidelines.
Non-competitive solicitation, evaluation, and selection of projects according to program guidelines.
Executive Order.

AB 1532 (Chapter 807, Statutes of 2012) requires that monies from the Fund be appropriated in a manner that
consistent with the Investment Plan and the Scoping Plan is consistent with the three-year Investment Plan. The Second Investment Plan for Fiscal Years 2016-2017 through 2018-2019 recommends that the forest sector perform several actions to achieve positive climate benefits:

- Protecting forest land at risk of development to more carbon-intensive uses.
- For forest-related black carbon, improving the health and resiliency of forests and reducing wildfire risk and severity through active management and linking forest management activities to biomass utilization including biomass power and fuel production.
- Promoting clean, efficient biomass plants located close to forestry activities that use dead or diseased trees removed for fuel as an alternative to open burning the waste in slash piles.
- Continuing to promote reforestation and management to improve forest health as a mechanism to foster sustainable forests for long-term carbon storage.

- The First Update to the Climate Change Scoping Plan identified key strategies and recommendations to continue reducing greenhouse gas (GHG) emissions and achieve the goals and purposes of Assembly Bill 32. The update to the Scoping Plan recommends:
  - Investment in strategies that ensure forested lands are managed in ways that maximize their carbon benefits while also ensuring landscape resilience; protecting and enhancing the State’s water supplies; safeguarding the State’s wildlife, fish, and plants; and promoting sustainable rural communities.
  - Incentivize the sustainable use of biomass obtained from forest management practices to produce energy.

- The 2017 Climate Change Scoping Plan Update recognizes the need to support durable markets for excess biomass generated by forest health and restoration treatments and the diversion of biomass to production of renewable electricity and biofuels, commercial products including durable wood products, compost and other soil amendments, animal bedding, and other uses.
Element (3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

☐ Describe how expenditures will facilitate the achievement of GHG emission reductions in the State

- Expenditures will achieve net GHG benefits by funding forest management projects that enhance carbon sequestration and avoid GHG emissions through: preventing spread of disease to healthy forests by selectively removing infected trees; restoring impacted landscapes through reforestation; and utilizing removed trees for wood products or biomass energy. A net GHG benefit occurs as a result of reduced tree mortality, biomass utilization, improved tree growth, and avoided future wildfires.

- The projects and expenditures improve the stability of forest carbon through activities that promote forest resilience; increase carbon sequestration and storage; reduce mortality and associated GHG emissions from wildfire, drought, and pest damage; utilize woody waste biomass for wood products and to produce renewable energy; and restore impacted landscapes through reforestation. This will be done by various means:
  - Forest fuel reduction treatments.
  - Pest management activities.
  - Reforestation.
  - Conservation easements.
  - Biomass use
  - Planning

- Fuel reduction treatments reduce fuel loading, thereby reducing the risk of large, uncontrolled wildfires and associated GHG emissions while also improving the stability of forest carbon in remaining vegetation. Projects will require that the best, healthiest trees remain for greater carbon sequestration and fire, drought, and pest resistance. While trees may be removed, thinning overstocked stands reduces competition among trees, thereby promoting carbon sequestration and avoiding future mortality.

- Pest management activities remove trees infected with, and highly susceptible to, diseases and pests to prevent further disease spread and pest infestation. Active management reduces tree mortality and promotes future carbon sequestration by remaining live trees.

- Reforestation activities result in carbon sequestration and storage in living trees. Site preparation, tree planting and competing vegetation control can materially shorten the
timeframe for establishing a new forest as compared to natural reseeding after a catastrophic event. As tree seedlings grow they accumulate carbon in the form of wood throughout their life.

- Conservation easements or fee title purchase on lands that are at risk of conversion can reduce GHG emissions through protecting forest land from conversion to non-forest, more carbon-intensive uses and through management practices to increase carbon stocks.
- Utilizing biomass removed as part of a treatment allows for continued carbon storage when used as wood products and the displacement of carbon-intensive fossil fuel-based energy when used to generate energy. Biomass utilization can also avoid GHG emissions associated with open burning or landfilling of the harvest waste material.
- Planning will complete environmental compliance work and does not have an immediate impact on emissions but will lead to completion of the activities listed above.

- Explain when GHG emission reductions and/or co-benefits are expected to occur and how they will be maintained

- Fuels reduction treatments are an initial source of GHG emissions as biomass is removed from the treatment area. A net GHG benefit from fuel reduction activities occurs as a result of biomass utilization, improved tree growth, and avoided wildfire emissions from an expected reduction in fire severity. The time required to achieve a net GHG benefit will vary depending on site characteristics and treatments employed but are expected to be achieved between 7 and 15 years.

- Pest control activities result in an immediate net GHG benefit following implementation of the activity (2-5 years to complete) as a result of reduced tree mortality, biomass utilization, improved tree growth. Benefits will continue over a 50-to-80-year period, during which trees protected from above normal tree mortality continue to grow and sequester carbon.

- Reforestation activities can be an initial source of GHG emissions as a result of site preparation. As tree seedlings grow, however, they accumulate carbon in the form of wood and result in a net GHG benefit during the project life. The timeliness of such planting will depend on available seedling stock. State operations costs will be utilized for maintenance of a seedbank or nursery to enable more rapid planting, thus, more rapid commencement of associated sequestration. The time required to achieve a net GHG benefit will vary depending on the site preparation activities and the species planted but a net benefit is expected to be achieved within 10 years of planting.
- Conservation easements result in an immediate net GHG benefit by protecting forest land from conversion to non-forest land uses and continue to accrue benefits through maintenance and management practices to increase carbon stocks during the project life.
- Planning projects will not have emissions benefits until 2-5 years following.
- Projects must be sustained at least until a net GHG benefit is realized and maintained for 10 years.

Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

| Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency | Forest health projects can take many forms (e.g., reforestation, pest control, etc.) and the specific co-benefits achieved by any forest health project will vary depending on the activities employed. Despite the variation, all forest health projects are expected to result in healthier, more resilient forests that provide numerous co-benefits including:
| ▪ Avoiding or reducing the impacts to forests from catastrophic wildfire.
| ▪ Maintaining or improving water quality by impeding erosive runoff that can discharge sediments into streams.
| ▪ Healthy resilient forests that are more resistant to fire and climate change.
| ▪ Well-managed forested landscapes that lessen the risk to life, public safety, and infrastructure.
| ▪ Support biodiversity and wildlife adaptation to climate change and maintain functional wildlife habitat for state and federally listed species.
| ▪ Maintenance of functional refugia and migration corridors for wildlife.
| ▪ Maintenance of the diversity of natural communities that are increasingly stressed by climate change.
| ▪ Maintenance and improvement of air quality.
| ▪ Preservation of cultural resources.
| ▪ Green and bioenergy development.
| ▪ Reduction of fossil fuel-based energy demand.
| ▪ Help develop markets for beneficial uses of the material, including, but not limited to, animal bedding, biochar, cross-laminated timber, mulch, oriented strandboard, pulp, post, shredding, and veneer products.
| ▪ Creation of new and maintenance of existing employment opportunities. |
Enhanced recreational opportunities and tourism revenue.

- These funds will support other objectives of AB 32 and related statutes including:
  - Healthy forests and urban greening
  - Reducing short-lived climate pollutants
  - Improvement of air quality by reduction of wildfire emissions,
  - Introducing or increasing renewable biomass energy production, and
  - Providing opportunities for community institutions and small businesses to participate in and benefit from GHG reduction efforts via issuing grants to nonprofit organizations.

CAL FIRE will follow CARB’s guidance to target at least 40 percent of the total Forest Health project expenditure received under this fiscal year appropriation to fund projects that provide benefits to low-income communities or low-income households.

- Projects will reduce the risk of catastrophic wildfire to low income communities. This is important for air quality and real property risk in local communities.
- Projects will enhance wildlife and native plant occurrence in low income communities.
- Projects will protect water quantity and quality in low income communities.
- Projects will contribute to economic development in low income communities.

Projects that meet disadvantaged community benefit criteria and demonstrate that the project will meaningfully address an important community need will receive additional points in scoring.

CAL FIRE will consult directly with communities through various means including public comments on program guidelines to identify potential burdens. The agency will

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1 Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B for more information on the definitions of priority populations.
potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens

Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.

- CAL FIRE will require funding recipients to maintain records and submit quarterly status reports. If a funding recipient does not perform in accordance with program requirements, the recipient will be subject to the remedies for non-performance, as identified in the relevant guidelines and the grant agreement.

- CAL FIRE includes CARB guidance information in kick-off meeting with funding recipients.

- Applicants will calculate the GHG emission reductions and co-benefits expected and achieved from projects using a CARB-developed method and/or tool, referred to as the “Forest Health Quantification Methodology”, (see http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/quantification.htm).

- Administering agency staff will review calculations prepared by applicants to ensure consistency with approved methodologies.

- To determine the job benefits, the agency will compile data from funding recipients on jobs provided, both the quality and quantity, consistent with CARB guidance.

- CAL FIRE will collect data on project location, expenditures, net GHG benefit, treatment type, acres treated, solid wood or biomass products generated from
the projects, and other data, as applicable and as specified in CARB guidance.
- Once operational, CAL FIRE will collect information on project outcomes for an undetermined percent of projects, consistent with CARB guidance.

| Q How the administering agency will report on program status | CAL FIRE will report to CARB consistent with CARB guidance. The administering agency will provide regular updates on the program, including expenditure amounts, GHG emission reductions, and other benefits, as applicable (e.g., jobs supported, vouchers issued, units retrofitted). Reports will also include information on project outcomes for an undetermined percent of operational projects over a number of years. |