

FEBRUARY 13, 2019

Improving California's Forest and Watershed Management

PRESENTED TO:

Assembly Budget Subcommittee No. 3 on
Resources and Transportation
Hon. Richard Bloom, Chair

Assembly Committee on Natural Resources
Hon. Laura Friedman, Chair



LEGISLATIVE ANALYST'S OFFICE

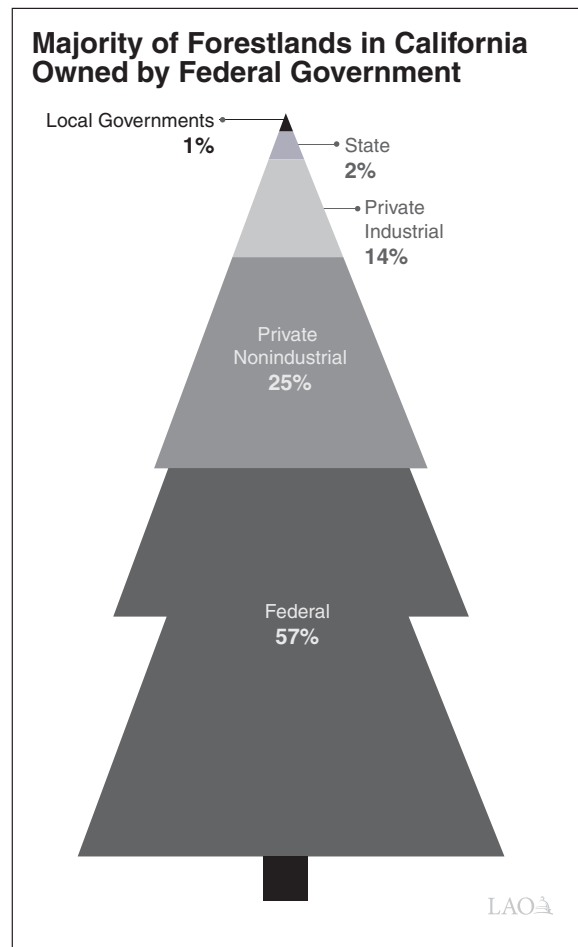
Overview of California's Forestlands

Forests Provide Critical Statewide Benefits for Water Supply, Climate Change Mitigation, and Wildlife Habitat. A changing climate increases the importance of maintaining this beneficial role.

Most of the Forests Across the State Are in an Unhealthy Condition. Forests display excessive vegetation density and unprecedented levels of tree mortality.

Broad Consensus That a Suite of Activities Is Needed to Improve Forest Conditions. Management activities include mechanical thinning, prescribed burning, and meadow restoration.

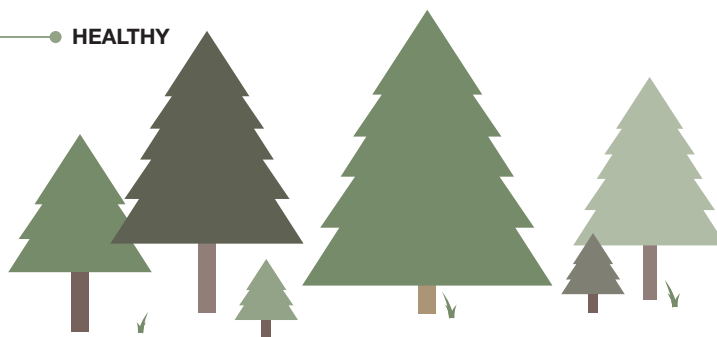
Nearly All Forestlands in California Are Owned by the Federal Government and Private Entities. This increases the importance of collaborative management efforts.



The Implications of Unhealthy Forest Conditions

Comparing the Potential Impacts of Healthy and Unhealthy Forests

HEALTHY



Sporadic small trees and brush, comparatively more large and older trees, 40-60 trees per acre

- Smaller and less intense wildfires.
- Increased forest resilience to pests, drought, and disease.
- Greater mitigation against climate change.
- Protected and potentially increased water supply.

UNHEALTHY



Prevalent small trees and brush, comparatively fewer large and older trees, 100-200 trees per acre

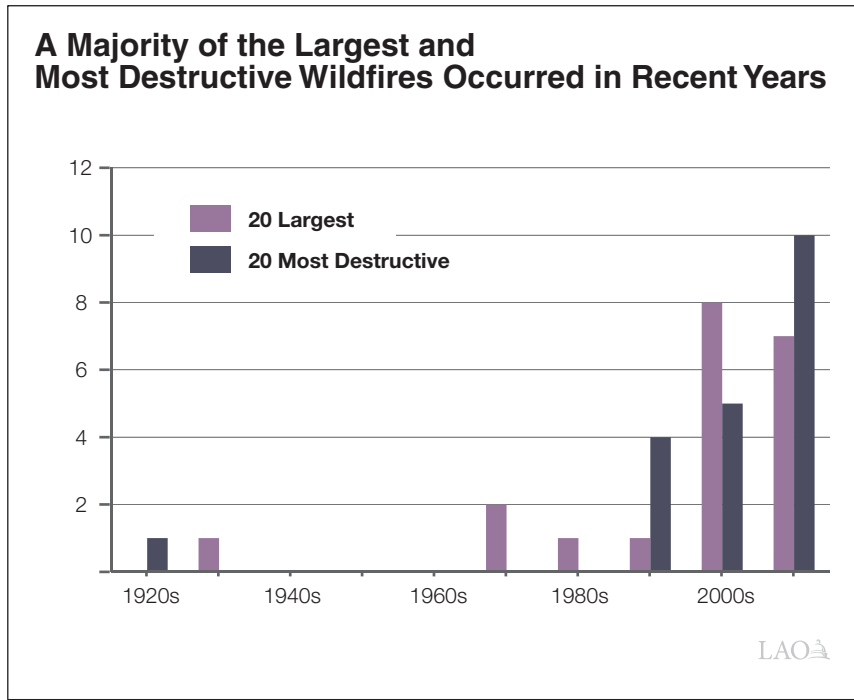
- Increased risk of severe forest fires.
- Less resilient forests, large numbers of dead trees.
- Loss of carbon sequestration benefits, potential increase in emissions.
- Threats to water supply and quality, and to hydropower generation.

LAO



The Implications of Unhealthy Forest Conditions

(Continued)



Recommendations for Improving Forest and Watershed Management

Improve and Increase Funding and Coordination

- Ensure that future spending is based on clear prioritization criteria that targets funds to maximize statewide benefits, in particular by promoting larger projects.
- Designate California Natural Resources Agency (CNRA)—rather than CalFire—as the lead agency to oversee proactive forest and watershed health funding and initiatives.
- Take steps to generate additional investments from downstream beneficiaries by (1) requiring the State Water Project to make an annual spending contribution, (2) appropriating \$2 million for pilot projects for local water and hydropower agencies to conduct wildfire cost-avoidance and cost-benefit studies, and (3) modifying grant criteria for the Integrated Regional Water Management program to encourage spending on watershed health projects.

Revise Certain State Policies and Practices to Facilitate Forest Health Activities

- Direct CNRA to submit a report proposing options for how the state might streamline forest health project permitting requirements.

Expand Options for Utilizing and Disposing of Woody Biomass

- Increase opportunities for disposing of biomass by appropriating funding to purchase additional air curtain burners based on an analysis by CalFire.



Recent Budget Augmentations for Forest and Watershed Management

Legislature Has Appropriated Increased Funding for Forest Management in Recent Years

Recent Funding Augmentations for Forest Health and Fire Prevention

(In Millions)

Program/Activity	Department	2016-17	2017-18	2018-19	2019-20 Proposed
Forest health, fire prevention, and fuels reduction	CalFire/CCC	\$25	\$200	\$160	\$165
Prescribed fire crews	CalFire	—	—	30	35
Watershed Improvement Program	SNC	—	—	30	—
Regional forest restoration projects	CNRA	—	—	20	—
Urban and community forestry	CalFire	15	20	20	—
Forest health in state parks	Parks	—	—	15	—
Various other	Various	21	16	14	44
Totals		\$61	\$236	\$289	\$244

CalFire = Department of Forestry and Fire Protection; CCC = California Conservation Corps; SNC = Sierra Nevada Conservancy; CNRA = California Natural Resources Agency; and Parks = Department of Parks and Recreation.

Recent Bonds Have Designated Funding for Upper Watershed Management

- Department of Fish and Wildlife: Watershed Restoration Program (\$285 million, Proposition 1 [2014]).
- Wildlife Conservation Board: Restoration of upper watershed lands in the Sierra Nevada and Cascade Mountains (\$60 million, Proposition 68 [2018]).
- Sierra Nevada Conservancy: Restoration and conservation projects (\$30 million each from Proposition 1 and Proposition 68).
- Sierra Nevada Conservancy: Watershed Improvement Program (\$25 million, Proposition 68).



Key Legislative Oversight Questions for Forest and Watershed Management Efforts

Are Funded Projects Meeting Promised Targets? Did projects actually treat and restore the amount of acres projected in their grant applications? If not, why not?

Are Challenges Arising That Merit Legislative Intervention? Are state departments or project proponents encountering barriers in effectively using funding or implementing projects? Could any of these barriers be resolved through legislation?

What Strategies Is CalFire Using to Ensure Forest Health Funding Achieves Maximum Benefits? Has CalFire developed a multiyear strategic plan or approach to guide its use of funding to improve forest health? How will the department prioritize the use of future funding to maximize benefits and cost-effectiveness? Is the department selecting projects that are contiguous or geographically close to those that were funded previously? What types of potential benefits are being given greatest priority when deciding which projects to fund (for example, fire risk to nearby communities, amount of greenhouse gas [GHG] reductions, or proximity to a parcel that has already been treated)?

What Proactive Steps Are Departments Taking to Ensure Strategic Goals Are Met? Are departments depending solely on grant applications for forest health and watershed restoration projects, or are they soliciting and initiating projects? How are departments ensuring that projects are being undertaken in the highest priority regions and parcels? What can and should the state do if no proposals are submitted to undertake projects in high-priority areas?

Does Sufficient Local Capacity Exist for Undertaking and Expanding Forest Health Activities to Meet the State's Goals? Do high-priority forested regions around the state contain a sufficient number of local entities who are adequately prepared to plan, propose, undertake, and complete forest health and fire prevention projects? Are there "capacity gaps" in particular regions or for implementing particular types of activities? If so, are there steps the state can take to address such gaps and help build local capacity?



Key Legislative Oversight Questions for Forest and Watershed Management Efforts

(Continued)

What Criteria Is CalFire Using to Allocate Funding Across Its Various Programs and Initiatives? How is CalFire determining the best division of funding between the Forest Health and Fire Prevention Programs? Do these decision-making criteria reflect legislative priorities? Does the Legislature want to be more explicit in appropriating funding for specific programs or efforts?

How Will the State Measure Whether Its Efforts Are Yielding Success? What types of metrics can the state use to monitor the effectiveness of its expenditures to improve forest and watershed health? How can the state tell if it is funding projects in the highest impact locations and using the most effective types of treatments and activities? How can the state assess the degree to which it is achieving its goals for GHG reductions, wildfire avoidance, and improved ecological function? Are state departments collecting the data needed to make such determinations?

