

JANUARY 31, 2019

Wildfires, Emergency Readiness, and Response

PRESENTED TO:

Senate Budget and Fiscal Review Committee
Hon. Holly J. Mitchell, Chair



LEGISLATIVE ANALYST'S OFFICE

Various State Agencies Have Roles Related to Fires and Other Disasters

Disaster Planning and Coordination

- ***Office of Emergency Services (OES).*** Coordinates and supports state and local disaster planning activities. Monitors and coordinates disaster response and recovery activities, including tasking other agencies with carrying out specific activities and coordinating mutual aid. Serves as a conduit for federal disaster assistance to state and local governments. Administers the California Disaster Assistance Act (CDAA) program, which funds the repair of public infrastructure and reimbursements to local governments for costs associated with certain disaster response activities.

Fire and Other Disaster Response

- ***Department of Forestry and Fire Protection (CalFire).*** Main state entity involved in fire response. (Local and federal fire agencies also participate in fire response.) Primarily responsible for protecting state responsibility areas, which cover about one-third of the state's acreage and include primarily privately owned timberlands, rangelands, and watersheds.
- ***California Military Department.*** Provides support—such as aircraft and other military equipment—to assist with combatting large fires and responding to other disasters.
- ***Department of Water Resources.*** Main state entity involved in flood emergency response, monitoring flood conditions, and supervising dams.



Various State Agencies Have Roles Related to Fires and Other Disasters

(Continued)

Fire and Other Disaster Recovery Assistance

- ***Department of Toxic Substances Control.*** Cleans up hazardous waste—such as paint, heavy metals, and asbestos—following a disaster.
- ***California Department of Resources Recycling and Recovery.*** Cleans up other types of debris—such as ash and concrete—following a disaster.
- ***California Department of Social Services.*** Administers program that provides temporary shelter to victims of disasters. Administers State Supplemental Grant Program, which provides up to \$10,000 to individuals that have experienced disaster losses beyond those covered by other sources (such as the federal government or private insurance).



State Funding for Response and Recovery

Annual Budget Provides Base Funding for Fires and Other Disasters.

Most notably, the budget includes funding for CalFire's base budget for fire control-related activities (about \$1 billion annually in recent years). The budget also includes funding for CalFire's Emergency Fund (E-Fund)—which is used when incidents have surpassed the initial 24 hours of response and require additional resources beyond CalFire's base budget—as well as for OES' CDAA program.

Midyear Budget Augmentations for Fires and Other Disasters. In recent years, the administration has made midyear adjustments to access additional funding for fires and other unanticipated disasters. These adjustments were mainly made in the following two ways:

- ***CalFire's E-Fund.*** The Director of the Department of Finance (DOF) can augment the level of the E-Fund from the General Fund, as needed.
- ***Disaster Response-Emergency Operations Account (DREOA).*** Prior to the sunset of DREOA—a subaccount of the Special Fund for Economic Uncertainties (SFEU)—on January 1, 2019, statute allowed DOF to allocate to state agencies funding from the SFEU to pay for unanticipated costs that occurred associated with state-declared emergencies. The administration is seeking reauthorization of this authority.



Federal Funding for Response and Recovery

Federal Government Often Pays for Large Share of State and Local Costs.

The federal government provides various types of assistance to state and local governments in the event of a large-scale disaster that triggers a federal disaster declaration. This assistance includes reimbursements for activities such as fire response, debris removal, and rebuilding of public infrastructure. The federal government also operates the Hazard Mitigation Grant (HMG) program, which funds projects that reduce the likelihood and severity of future disasters. (The federal government also has various programs that assist individuals and businesses.)

Federal Cost Shares. In general, the following cost shares apply when an event is declared a federal disaster:

- ***Federal Government Typically Covers 75 Percent of Costs.*** The state and local governments pay the remaining 25 percent. When related to state costs, the state pays the remaining 25 percent. In the case of local government-related costs, the remaining costs are typically shared between the state (19 percent) and the local government (6 percent).
- ***But Portion of Costs Covered by Federal Government Can Be Higher or Lower.*** Sometimes the federal government provides a greater cost share, such as for initial response activities. Not all activities are eligible for federal reimbursement. For example, not all debris cleanup activities are eligible.
- ***Timing of Reimbursements Can Vary.*** Some reimbursements may come in the current year, while others may not come until the budget year or a few years later because it takes time to complete projects.



Major Wildfire-Related Legislative Actions in 2018

2018-19 Budget Provided About \$670 Million in Budget Augmentations.

This included (1) \$266 million to implement elements of the Forest Carbon Plan and conduct other forest health and fire prevention activities; (2) \$245 million for firefighting resources, such as helicopters; and (3) \$163 million for fire recovery.

Legislature Adopted Major Wildfire Package

- ***Chapter 626 of 2018 (SB 901, Dodd).*** The result of the wildfire legislative conference committee and provides various changes to address wildfires including expanding requirements for utilities to develop wildfire mitigation plans and requiring a \$200 million annual appropriation for forest health and fire prevention programs.
- ***Chapter 624 of 2018 (SB 1260, Jackson).*** Creates a “burn boss” certification and requires enhanced smoke monitoring from prescribed fires.
- ***Chapter 635 of 2018 (AB 2126, Eggman).*** Requires the California Conservation Corps to establish a forestry corps program.
- ***Chapter 637 of 2018 (AB 2518, Aguiar-Curry).*** Requires the Forest Health Task Force to develop recommendations to find sites for wood product manufacturing facilities.
- ***Chapter 641 of 2018 (AB 2911, Friedman).*** Requires the Board of Forestry and Fire Protection to engage in certain land use planning activities for subdivisions at high risk of wildfire.



\$3.1 Billion in Response and Recovery Costs for 2018 Fires

Administration's Estimated 2018-19 Expenditures on November 2018 Wildfires and Associated Reimbursements

(In Millions)

| Department | Main Purposes | Amount |
|--|---|-------------------|
| State Expenditures | | |
| Camp Fire | | |
| Resources Recycling and Recovery | Debris removal | \$2,076.7 |
| Office of Emergency Services | Debris removal, mutual aid, coordination, and contingencies | 591.5 |
| Forestry and Fire Protection | Fire response | 93.8 |
| General Services | Equipment and logistics response | 26.9 |
| Toxic Substances Control | Debris removal | 11.2 |
| Social Services | State Supplemental Grant | 7.7 |
| Military Department | Disaster response and coordination | 7.0 |
| Conservation Corps | Disaster response and coordination | 4.8 |
| Social Services | Disaster response and coordination | 3.9 |
| Water Resources | Disaster response and coordination | 2.4 |
| Highway Patrol | Disaster response and coordination | 2.2 |
| Emergency Medical Services Authority | Disaster response and coordination | 0.9 |
| Corrections and Rehabilitation | Disaster response and coordination | 0.7 |
| Motor Vehicles | Disaster Recovery Center | 0.6 |
| Other departments | Various | 0.2 |
| Subtotal Camp Fire | | (\$2,830.4) |
| Woolsey and Hill Fires | | |
| Resources Recycling and Recovery | Debris removal | \$140.5 |
| Forestry and Fire Protection | Fire response | 64.6 |
| Office of Emergency Services | Debris removal and disaster response and coordination | 27.1 |
| Toxic Substances Control | Debris removal | 2.9 |
| Parks and Recreation | Damage assessment and equipment replacement | 1.0 |
| Motor Vehicles | Disaster Recovery Center | 0.4 |
| Highway Patrol | Disaster response and coordination | 0.3 |
| Corrections and Rehabilitation | Disaster response and coordination | 0.1 |
| Water Resources | Sand bags | 0.1 |
| Other departments | Various | 0.2 |
| Subtotal Woolsey and Hill Fires | | (\$237.2) |
| Total, Estimated State Expenditures^a | | \$3,067.6 |
| Total, Estimated Federal Cost Share^b | | -\$2,144.5 |
| Total, Net General Fund Cost | | \$923.1 |

^a Assumes state covers local cost share.

^b Assumes a federal cost share of 75 percent of eligible expenditures.



Governor's 2019-20 Wildfire-Related Budget Proposals

(In Millions)

| Proposal | General Fund | Other Funds | Total |
|---|----------------|----------------|----------------|
| Local and Recovery Assistance | | | |
| Waive local share of debris removal costs ^a | \$155.2 | — | \$155.2 |
| HCD community development block grant | — | \$108.8 | 108.8 |
| Property tax backfill ^b | 31.3 | — | 31.3 |
| Subtotal, Local and Recovery Assistance | (\$186.5) | (\$108.8) | (\$295.3) |
| 2018 Legislative Package—Forest Health and Fire Prevention | | | |
| CalFire (various bills) | — | \$210.0 | \$210.0 |
| PUC and Public Advocates Office (SB 901) | — | 9.1 | 9.1 |
| CCC (AB 2126) | \$4.5 | — | 4.5 |
| State Water Resources Control Board (SB 901) | 2.6 | 1.8 | 4.4 |
| Department of Fish and Wildlife (SB 901) | — | 3.5 | 3.5 |
| Air Resources Board (SB 1260) | — | 3.4 | 3.4 |
| Subtotal, 2018 Legislative Package | (\$7.1) | (\$227.8) | (\$234.9) |
| Enhanced Fire Protection | | | |
| CalFire—13 additional fire engines | \$40.3 | — | \$40.3 |
| OES—fire engine prepositioning | 25.0 | — | 25.0 |
| CalFire/CCC—5 dedicated fire crews | 13.6 | — | 13.6 |
| CalFire—air tankers | 13.1 | — | 13.1 |
| CalFire—heavy equipment operator staffing | 10.6 | — | 10.6 |
| CalFire—employee wellness | 4.2 | \$2.4 | 6.6 |
| CalFire—fire detection cameras | 5.2 | — | 5.2 |
| CalFire—situational awareness staffing | 4.5 | — | 4.5 |
| CalFire—mobile equipment replacement | 3.0 | — | 3.0 |
| Military Department—administrative support | 1.7 | — | 1.7 |
| Subtotal, Enhanced Fire Protection | (\$121.2) | (\$2.4) | (\$123.6) |
| State Lands Management | | | |
| CalFire—acquire demonstration forest lands | \$0.4 | — | \$0.4 |
| State Lands Commission—forest health inventory | — | \$0.2 | 0.2 |
| Subtotal, State Lands Management | (\$0.4) | (\$0.2) | (\$0.6) |
| Totals | \$315.2 | \$339.2 | \$654.4 |

^a Debris removal costs are scored in 2018-19.

^b Property tax backfill amount is the total for a three-year period and is scored in 2018-19.

HCD = Department of Housing and Community Development; CalFire = California Department of Forestry and Fire Protection; PUC = Public Utilities Commission; CCC = California Conservation Corps; and OES = Governor's Office of Emergency Services.



Wildfire Proposals: Issues for Legislative Consideration

Balance Between Fire Response and Prevention Funding. The budget proposals include \$235 million for forest health and fire prevention, as required by the legislative package. Nearly all of the other augmentations are for fire response and recovery. The Legislature will want to consider whether this approach is consistent with its budget priorities for addressing the state's wildfire risks.

Fire Response Spending Has Been Increasing in Recent Years, but Without a Multiyear Strategy. Recent budgets—including the 2019-20 proposed budget—have increased response funding related to wildfires. The administration, however, has not put forward a recent assessment of state and local wildfire response capacity, potential gaps, and where additional resources would be most beneficial. Such an assessment could inform a multiyear funding strategy.

Proposal for Tax Backfills Involves Policy Choices. The Legislature has discretion in providing local assistance in the event of a disaster. Accordingly, the Legislature will face policy choices about how to prioritize providing local governments with assistance given limited state funding. This includes considerations such as (1) what types of assistance to provide, such as tax backfills, long-term loans, or reduced cost shares; (2) the duration of the assistance to provide, given that it may take a number of years for communities to fully recover; and (3) the amount of assistance to provide, such as whether to provide full backfills for all affected communities or some lesser amount.



Other 2019-20 Disaster and Emergency Response-Related Budget Proposals

\$285 Million in 2018-19 and 2019-20 From Various Funds

- **Public Safety Radios (\$78 Million).** The California Highway Patrol, Department of Justice, and Department of Fish and Wildlife (DFW) request a total of \$67 million in 2019-20—\$49 million from the General Fund and \$18 million from special funds—to replace aging radios. Also, OES requests \$11 million in 2019-20 from the General Fund to support improvements to the public safety radio system. (The DFW and OES proposals are multiyear.)
- **9-1-1 System and Broadband Network (\$61 Million).** OES requests a General Fund loan of \$10 million to the State Emergency Telephone Number Account (SETNA) in 2018-19 and \$50 million in 2019-20 to transition the state’s 9-1-1 system to a system known as Next Generation 9-1-1. OES also requests \$1 million from SETNA in 2019-20 and ongoing to coordinate implementation of the First Responder Network Authority broadband network.
- **Federal Trust Fund Authority Increase (\$60 Million).** OES requests a \$60 million increase in Federal Trust Fund authority in 2019-20 and ongoing to accept federal funds for the HMG program.
- **Public Education (\$50 Million).** OES and the Office of Planning of Research request \$50 million from the General Fund in 2018-19 for a public education campaign on disaster-preparedness.
- **CDAAs (\$20 Million).** OES requests an additional \$20 million from the General Fund in 2019-20 for CDAA.
- **Earthquake Early Warning (\$16 Million).** OES requests \$16 million from the General Fund in 2019-20 to complete the buildout of the state’s earthquake early warning system.
- **DREOA Reauthorization.** The administration requests reauthorization of DREOA through budget trailer legislation.



Other Proposals: Issues for Legislative Consideration

Some Requests Lack Detail. The Legislature will want to consider whether it has sufficient detail on some funding requests that lack written proposals—such as the funding requested for public education efforts—to inform its decision-making.

Some Proposals Raise Choices About Preferred Fund Sources. The Legislature will face choices about which fund sources—whether the General Fund or special funds—to use to pay for some proposed activities, such as improvements to the 9-1-1 system, support for the public safety radio system, and the earthquake early warning system.

Some Proposals Raise Choices About Timing of Funding. The administration has proposed providing funding for some requests—such as for public education and 9-1-1 improvements—in 2018-19. Accordingly, these requests will likely not go through the typical budget process. In reviewing these requests, the Legislature will want to evaluate whether it considers them to be sufficiently urgent to justify this approach.

