**State of California Natural Resources Agency**

**Memorandum**

|  |  |  |
| --- | --- | --- |
| **To:** | Edith Hannigan | **Date**: November 6, 2023  **Telephone:** (916) 203-9755  **Website**:www.fire.ca.gov |
| **From:** | Stewart McMorrow, Staff Chief, Wildfire Resilience  John Ramaley, Forester III, Deputy Chief Forestry Assistance  **California Department of Forestry and Fire Protection (CAL FIRE)** | |
| **Subject:** | Proposed changes to CFIP Practice Cap Rates for 2024, and review and approval of the revised mini- Forest Management Plan (FMP) template | |

The California Forest Improvement Program is seeking approval of new cap rates and the new mini forest management plan (FMP) template.

The California Forest Improvement Act of 1978 (PRC §4790-4799.05) was created to provide cost-share incentives for California small non-industrial forest landowners to invest in their property for the restoration, improvement and maintenance of forestland. The Act also had further objectives, to promote a healthy forest products industry, and to provide additional benefits including employment opportunities in both rural and urban areas, renewable energy, protection and enhancement of air, water, and soil resources, fish and wildlife habitat, and opportunities for aesthetic and recreational enjoyment.

CAL FIRE’s California Forest Improvement Program (CFIP) has been in operation for over 40 years, providing forest landowner technical assistance, landowner education, and cost-share opportunities for forest health improvement on non-industrial forestland ownerships.

Beginning in January, 2024, The Wildfire Resilience Program will review and change practice rates on a Calendar year basis. The CFIP program has adopted the beginning of the calendar year as the point for posting changes to CFIP forms, the CFIP Users Guide, templates and for adjustments to cap rates, with the caveat that the program is intending to go before the Board in 2024 to seek approval of a new full Forest Management Plan, which would be adopted sometime mid-2024.

**Proposed CFIP Practice Cap Rate Adjustment:**

The Wildfire Resilience Program reviews the Consumer Price Index (CPI) annually for each fiscal year to determine if rate adjustments are merited.

As per 14 CCR §1530.1:

*At any time, the Director may submit amendments in the schedule to the Board for its review; such changes shall become effective upon Board approval or 75 days after submission to the Board unless the Board acts to change such amendments.*

The CPI for California in 2022 was substantial at 7.4%. This increase in inflation will affect the cost of labor, fuel, and materials involved with forest improvement projects. The 2023 annual review of CFIP invoices found a majority of practices were completed at the maximum CFIP rate approved with very few below cost. Therefore, a 7.4% increase for every practice cost is proposed, with two exceptions below.

* The full management plan template meets the requirements for a long-term forest management plan (Stewardship Plan), under the federal Stewardship Program. The 2023 annual review of CFIP invoices found that many plans exceeded the approved agreement rates. In addition, as plan acreage increases, the cost increased at a steeper rate than the current per-acre cost multiplier. Therefore, the base cost of the full management plan was increased and the cost per acre multiplier was increased to $5/acre to account for the time needed to prepare larger plans. As stated above, a revised full management plan is expected to be presented to the Board in 2024.
* The mini plan rate is not proposed for a rate increase due to the revisions discussed below. These revisions are expected to reduce the RPF time involvement in preparation of a plan, therefore no increase is warranted.

Small landowners may use contractors or self-labor to complete their forest improvement projects. The Wildfire Resilience Program proposes to modify the self-labor rates to be 25% less than contractor rates to account for overhead and profit.

*As with all of CFIPs rate adjustments, amendments to existing contracts will not be allowed. CFIPs rates are published on our website and are included with each participants contracts, so participants are aware of the rates when they enter into an agreement.*

**Proposed Mini Forest Management Plan (FMP) Template Revisions:**

Every landowner that participates in CFIP must have an existing long term management plan prepared by a Registered Professional Forester. The mini management plan complies with this requirement (PRC §4799(a)), but is streamlined for landowners that don’t require as much guidance and/or who simply want to expedite their forest improvement ground practices. The template for the mini management plan was further streamlined to save RPF preparation time and CFIP is seeking approval of this new format. As stated above, due to these revisions, the mini management plan rate was not increased.

The Department requests that the attached cost share rates and mini-FMP template be approved and made effective upon Board approval.