

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-2017	Business Unit 3540	Department Board of Forestry and Fire Protection	Priority No.
Budget Request Name 3540-011-BCP-DP-2016-GB		Program 2475	Subprogram

Budget Request Description
 Board of Forestry and Fire Protection Effectiveness Monitoring Services

Budget Request Summary

The Board of Forestry and Fire Protection (Board) requests \$425,000 Timber Regulation and Forest Restoration Fund in Fiscal Year 2016-17 and the same amount in Fiscal Year 2017-18 for effectiveness monitoring assistance from academic institutions and/or consultants to support the evaluation of the environmental protection effectiveness of the Forest Practice Act and Rules. The evaluation work will be carried out per the Strategic Plan of the Board's Effectiveness Monitoring Committee (EMC), which was approved by the full Board on October 1, 2015.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

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	Date	Reviewed By	Date
Department Director	Date	Agency Secretary	Date

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA Original Signed by Amanda Martin	Date submitted to the Legislature 1-8-16
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BCP Fiscal Detail Sheet

BCP Title: Board of Forestry Effectiveness Monitoring

DP Name: 3540-011-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Operating Expenses and Equipment						
5340 - Consulting and Professional Services - External	0	425	425	0	0	0
Total Operating Expenses and Equipment	\$0	\$425	\$425	\$0	\$0	\$0
Total Budget Request	\$0	\$425	\$425	\$0	\$0	\$0

Fund Summary

Fund Source - State Operations						
3212 - Timber Regulation and Forest Restoration Fund	0	425	425	0	0	0
Total State Operations Expenditures	\$0	\$425	\$425	\$0	\$0	\$0
Total All Funds	\$0	\$425	\$425	\$0	\$0	\$0

Program Summary

Program Funding						
2475 - Board of Forestry and Fire Protection	0	425	425	0	0	0
Total All Programs	\$0	\$425	\$425	\$0	\$0	\$0

A. Budget Request Summary

The Board of Forestry and Fire Protection (Board) requests \$425,000 Timber Regulation and Forest Restoration Fund (TRFRF) in FY 2016-17 and the same amount in FY 2017-18 for effectiveness monitoring assistance from academic institutions and/or consultants to support the evaluation of the environmental protection effectiveness of the Forest Practice Act and Rules. The evaluation work will be carried out per the Strategic Plan of the Board's Effectiveness Monitoring Committee (EMC), which was approved by the full Board on October 1, 2015.

The requested funds will be used to support investigations of the timber harvest regulatory system's effectiveness that are responsive to the critical questions and priorities the Board has established through the EMC Strategic Plan. The proposed evaluation of the timber harvest regulatory system's effectiveness is consistent with the requirements for Forest Practice Program accountability called for in AB 1492 (Chapter 289, Statutes of 2012) and also authorized through Public Resources Code (PRC) §§ 4552 and 4553.

B. Background/History

The Z'berg-Nejedly Forest Practice Act (1973, Division 4, PRC § 4511 *et seq.*) and the California Forest Practice Rules (Title 14 CCR, Chapter 4, 895 *et seq.*) require the interdisciplinary review of timber harvesting proposals by the Department of Forestry and Fire Protection (CAL FIRE), the Department of Fish and Wildlife (DFW), the California Geological Survey of the Department of Conservation, and the State and Regional Water Quality Control Boards (Water Boards). The plan review process is a CEQA-certified "functional equivalent process" of preparing an environmental impact report. Additionally, DFW serves as a Responsible Agency for plans with the issuance of appropriate Lake and Streambed Alteration Agreements and Incidental Take Permits for State-listed species. Further, the Water Boards are responsible for regulating all nonpoint source water pollution activities on both non-federal and federal forest lands. Coordination among these agencies and departments is necessary to meet their respective goals and missions.

AB 1492 establishes a significant level of intent for the State's forests (PRC § 4629.2):

1. Promote and encourage sustainable forest practices consistent with State environmental laws.
2. Ensure continued sustainable funding for the State's forest practice program to protect the State's forest resources.
3. Support in-state production of timber within the State's environmental standards, and promote and encourage retention of forests and forested landscapes.
4. Create a funding source for the restoration of the State's forested lands and promote restoration of fisheries and wildlife habitat and improvement in water quality.
5. Promote restoration and management of forested landscapes consistent with AB 32.
6. Promote transparency in regulatory costs and programs through the creation of performance measures and accountability for the State's forest practice regulatory program and simplify the collection and use of critical data to ensure consistency with other pertinent laws and regulations.
7. Identify and implement efficiencies in the regulation of timber harvesting between State agencies.
8. Modify current regulatory programs to incorporate, and provide incentives for best practices, and develop standards or strategies, where appropriate, to protect natural resources, including the development of plans that address road management and riparian function on an ownership-wide, watershed-wide, or district-wide scale.

AB 1492 provides for assessment of a 1% fee on lumber and other wood products sold in California. Revenues generated from the fee are to be deposited into the TRFRF established by the bill. The elements of PRC § 4629.9 establish process efficiency, transparency, and ecological performance components, and also include additional reporting requirements for the Natural Resources Agency (Agency) and the California Environmental Protection Agency (CalEPA). By addressing the effectiveness of the Forest Practice Act and Rules, the EMC is doing work that is complementary to the independent responsibilities that Agency and CalEPA have, under AB 1492, to ensure that the Forest Practice Act and Rules and their implementation achieve a level of environmental protection commensurate with their intent.

The major responsibilities under the AB 1492 Timber Regulation and Forest Restoration Program can be categorized under five key components, each of which is discussed in turn below. The FY 2013-14 Agency AB 1492 Budget Change Proposal (BCP) for this program largely focused on implementation of component 1. The FY 2015-16 Agency AB 1492 BCP primarily focused on the implementation of the other four components and included one position for the Board to support the operation of the EMC and rule-making processes. This BCP primarily addresses components 2, 3, and 4.

Component 1—Timber Harvest Document Review, Approval, and Enforcement

Component 2—Administrative Accountability, Efficiency, and Transparency

Component 3—Data and Monitoring

Component 4—Ecological Performance Measures

Component 5—Forest Restoration Grants

Attachment A shows the organizational structure that Agency and CalEPA are using for the operation of the Timber Regulation and Forest Restoration Program, including how the Program interrelates with the EMC. By addressing the effectiveness of the Forest Practice Rules, the EMC is doing work that is complementary to the independent responsibilities that Agency and CalEPA have, under AB 1492, to ensure that the Forest Practice Rules and their implementation achieve a level of environmental protection commensurate with their intent.

The Board currently has one Forester I position funded from TRFRF that was first established in FY 2015-16, but is not yet filled. The position is responsible for supporting the work of the EMC and Board rulemaking processes. This position will play a significant role in administering the day-to-day contract work funds that are being requested in this BCP.

Resource History
(Dollars in thousands)

Program Budget	CY
Authorized Expenditures	238
Authorized Positions	1.0
Filled Positions	0.0

C. State Level Considerations

This proposal is consistent with the Board’s mission of leading California in developing and policies and programs that serve the public interest in environmentally, economically, and socially sustainable management of forest and rangelands, and a fire protection system that protects and serves the people of the State.

D. Justification

Effectiveness monitoring is a key component of adaptive management and is necessary for assessing if management practices are achieving the various resource goals and objectives. In order to achieve this, the Board seeks external contractors to monitor the effectiveness of the Forest Practice Act and Rules. Contracting funds would be used to hire academic institutions and/or consultants who would determine the effectiveness of various procedures of Forest Practice Act and Rules. An example of this is validating whether an increased tree canopy over streams decreases impacts to anadromous salmonids’ habitat. In this case, academic institutions and/or consultants would monitor the effectiveness of increased tree canopy regulations and its effect on anadromous salmonids’ habitat over an extended period of time. This evaluation is necessary to determine timber harvest regulatory effectiveness as called for in AB 1492.

Funding in FY 2016-17 and FY 2017-18 is necessary because the EMC must complete long-term trend effectiveness monitoring to determine potential impacts of the implementation of the Forest Practice Act and Rules on the resources of the State. From the previous example of an increased tree canopy over

streams decreasing impacts to anadromous salmonids' habitat, the EMC will need many years of data to test this hypothesis. In addition to the multiple years of data, the data variables within this particular hypothesis will have overlapping and interdependent disciplines with other hypothesis that need to be synthesized over long periods of time.

Currently, there is not a single scientific study that accurately assesses the effectiveness of the Forest Practice Act and Rules, which are multifaceted. Many scientific studies, over the course of years, with a myriad of contractors, collaborators, and stakeholders will be necessary to assess the effectiveness of various components of the regulations. Both the combined, as well as individual empirical efforts, will provide a feedback loop on the effectiveness of the Forest Practice Act and Rules that is recognized and accepted by all interests involved in the prioritization, study design, and implementation of these scientific investigations.

The EMC Strategic Plan establishes the critical questions that need to be addressed regarding the effectiveness of the Forest Practice Act and Rules, and related statutes and regulations (e.g., Porter-Cologne Water Quality Control Act, California Endangered Species Act, Lake and Streambed Alteration Permit requirements of the Fish and Game Code) that are implemented in part through the timber harvest regulatory system that falls under the Board's authority. The Strategic Plan provides a process for soliciting and ranking proposals for research and analysis that are responsive to the critical questions regarding rule effectiveness. This process will provide the basis of a Request for Proposal or a similar process to be used to determine the specific evaluation activities to be funded. Further, this process can leverage other funds through matching funds or in-kind contributions from collaborators.

As described in the EMC's Strategic Plan, baseline funding is needed specifically for:

1. Literature review by technical experts;
2. Independent study design or statistical review;
3. Specialized statistical analysis or modeling;
4. Sponsorship of university graduate students or contribution to an existing university study;
5. Responding to rare and large event monitoring in a timely manner;
6. Committee-endorsed projects that require additional support for the participation of university(s), specialized consulting, or non-government organizations;
7. Funding for large geographic scale data collection.

The work of the EMC is an important adjunct to the work of the Timber Regulation and Forest Restoration Program. The EMC conducts close-to-the-ground evaluations of the timber harvest regulatory system's environmental protection effectiveness, while the core work of the Timber Regulation and Forest Restoration Program is aimed at more of an ecosystem level. The two approaches are complementary to each other, and both are needed to fully understand the overall effectiveness of the timber harvest regulatory system.

CAL FIRE has had an ongoing program to conduct evaluation of the implementation and effectiveness of a limited range of Forest Practice Act and Rules, i.e., those related to water quality protection. This has been valuable work, however, the Charter and work of the EMC explicitly recognizes the need to evaluate a broader range of the timber harvest regulatory system, including the addition of regulations related to terrestrial wildlife in particular.

Without these funds, the Board would continue to have one staff member assigned to support the work of the EMC, and it would have no resources to conduct new effectiveness evaluation work. With its own funds for effectiveness evaluation work, the Board also can leverage matching funds or in-kind contributions from collaborating parties such as universities, nonprofit organizations, and landowners.

CAL FIRE, on behalf of the Board, expects to contract for these studies outside of civil service. The contracted services requested are not available within civil service, cannot be performed satisfactorily by civil service employees, and are of such a highly specialized or technical nature that the necessary expert knowledge, experience, and ability are not available through the civil service system.

E. Outcomes and Accountability

Outcomes will be measured by successfully contracting for and completing the work needed to fulfill the priorities established by the EMC and its Strategic Plan. Progress will be monitored by the Board Executive Officer, EMC, and the Board. The Board member, who co-chairs the EMC, reports to the Board on the Committee's work and accomplishments at every Board meeting. Public stakeholders also have significant expectations for this work and likewise will be monitoring and commenting on progress through the Committee and the Board meetings.

F. Analysis of All Feasible Alternatives

Alternative 1: Provide \$425,000 TRFRF in FY 2016-17 and \$425,000 TRFRF in FY 2017-18 to contract for effectiveness monitoring analyses related to support of AB 1492.

Cost:

- \$850,000

Advantages:

- Permits the Board and EMC to implement its Strategic Plan at a scale that will provide significant information on timber harvest regulatory system effectiveness. This information will help lead to improvements in the level of environmental protection provided by the timber harvest regulatory system.
- The Board would be able to take advantage of matching funds or in-kind contributions.
- The Board would be able to meet the requirements for Forest Practice Program accountability called for within AB 1492.

Disadvantages:

- Will use TRFRF that could be used for other AB 1492 Program components, such as harvesting plan review or inspection, data collection, or forest restoration grants.

Alternative 2: Status quo. The Board will rely on existing studies that are not necessarily specific to California, certain types of timberland, or the Forest Practice Act and Rules.

Cost:

- No additional cost to the state.

Advantages:

- Funding that would have been spent on these studies will be available for other AB 1492 Program components, such as harvesting plan review or inspection, data collection, or forest restoration grants.

Disadvantages:

- The Board will not be able to leverage matching funds or in-kind contributions from collaborating parties such as universities, nonprofit organizations, and landowners.
- Without studies tailored to California's Forest Practice Rules, the Board will be limited in its ability to evaluate the timber harvest regulatory system's effectiveness

G. Implementation Plan

Implementation can begin immediately, upon enactment of the Budget Act of 2016, by the current Board staff. The work will go forward under the direction of the Board Executive Officer and the guidance of the EMC. Oversight will be provided by the Board and the Board Chairman. Opportunities for public oversight and comments will be provided through the open meeting processes of the Board and the EMC.

H. Supplemental Information

Multiple agreements with academic institutions and/or consultants will be developed and executed to develop the effectiveness monitoring methodologies consistent with AB 1492.

Recommendation

Alternative 1: Approve \$425,000 TRFRF in FY 2016-17 and \$425,000 TRFRF in FY 2017-18 to contract for effectiveness monitoring work related to support of AB 1492. The proposed activities are consistent with the requirements for the Forest Practice Program accountability called for in AB 1492.