



TO: Greenhouse Gas Reduction Fund Program
FROM: Thomas Gibson, Undersecretary
Julie Alvis, Deputy Assistant Secretary for Administration and Finance
DATE: January 23, 2019
SUBJECT: GREENHOUSE GAS REDUCTION FUND;
California Natural Resources Agency
EXPENDITURE RECORD for Fiscal Year 2018-19
Regional Forest and Fire Capacity Program

This Attestation Memorandum documents that the California Natural Resources Agency completed the attached Expenditure Record on January 22, 2019, for the Regional Forest and Fire Capacity Program. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 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 at: www.arb.ca.gov/caclimateinvestments. Questions on this Attestation Memorandum or Expenditure Record may be directed to Emma Johnston, emma.johnston@resources.ca.gov; (916) 651-7591.

Attachment

Thomas Gibson, Undersecretary



Greenhouse Gas Reduction Fund: Expenditure Record

California Natural Resources Agency
Regional Forest and Fire Capacity Program

Authorizing legislation: Section 4, Item 0540-101-3228 of the Budget Act of 2018, as amended by Senate Bill (SB) 856 (Budget and Fiscal Review Committee, Chapter 30, Statutes of 2018) appropriates to the Natural Resources Agency \$20 million for grants to support regional implementation of landscape-level forest health projects to expand the Sierra Nevada Conservancy's Watershed Improvement Program model to the Northern, Coastal, and Southern California regions consistent with the recommendations of the Forest Carbon Plan.

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

<ul style="list-style-type: none"> Agency that will administer funding 	<ul style="list-style-type: none"> The Department of Conservation will administer block grants to implement funds on behalf of the California Natural Resources Agency. Designated local agencies will serve as block grant recipients and implement funds for the program.
<ul style="list-style-type: none"> Amount of proposed expenditure and appropriation reference 	<ul style="list-style-type: none"> The total proposed expenditure is \$20 million per Section 4, Item 0540-101-3228 of the Budget Act of 2018 as amended by SB 856 (Budget and Fiscal Review Committee, Chapter 30, Statutes of 2018).
<ul style="list-style-type: none"> Estimated amount of expenditures for administering agency administrative costs 	<ul style="list-style-type: none"> The total expenditure includes funding for State Operation costs. Administering agency administrative costs are estimated to be approximately \$1 million or 5 percent.
<ul style="list-style-type: none"> If applicable, identify laws or regulations that govern how funds will be used 	<ul style="list-style-type: none"> The Budget Act of 2018, as amended by SB 856 (Budget and Fiscal Review Committee, Chapter 30, Statutes of 2018), includes significantly augmented funding across multiple programs to implement the goals of the Forest Carbon Plan and Executive Order B-52-18. Executive Order B-52-18 directed state agencies to implement the recommendations of the Forest Carbon Plan to improve the health of the state's forests and help mitigate the risk of destructive wildfires. All funds implemented through this program will be allocated and managed to further the Executive Order and Forest Carbon Plan. Assembly Bill (AB) 2551 (Wood, Chapter 638, Statutes of 2018) authorized the California Natural Resources Agency and the California Environmental Protection Agency to jointly develop and submit to the Legislature a specified plan for

	<p>forest and watershed restoration investments in the drainages that supply the Oroville, Shasta, and Trinity Reservoirs. Funds allocated to this region will be managed in accordance with this Law.</p> <ul style="list-style-type: none"> • SB 901 (Dodd, Chapter 626, Statutes of 2018) establishes long-term cap-and-trade funding to create more fire resilient forests and communities and help stabilize carbon stores in California's natural and working lands. This Program establishes partnerships and facilitates planning to achieve the goals outlined in this legislation. • 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 (Nunez, Chapter 488, Statutes of 2006). • AB 398 (E. Garcia, Chapter 135, Statutes of 2017) prioritized healthy forests and climate adaptation and resiliency for expenditures from the Greenhouse Gas Reduction Fund.
<ul style="list-style-type: none"> • Continuation of existing Expenditure Record 	<ul style="list-style-type: none"> • This is a new program that does not have an existing Expenditure Record.
<ul style="list-style-type: none"> • Project type(s) 	<ul style="list-style-type: none"> • Technical Assistance and Capacity Building • Land Restoration and Forest Health
<ul style="list-style-type: none"> • Describe the projects and/or measures that will be eligible for funding 	<ul style="list-style-type: none"> • Developing <i>regional priority plans and partnerships</i> for forestry, fire protection, and forested watershed improvements needed to achieve regional and statewide public safety, climate resiliency, and ecosystem goals included in Executive Order B-52-18, the California Forest Carbon Plan, and AB 2551 (Wood, Chapter 638, Statutes of 2018); • Completing <i>project development and permitting</i> to generate implementation-ready projects that address regional forest and fire protection priorities for funding consideration by the various programs represented in the California Forest Management Task Force; • Implementing <i>demonstration projects</i> that showcase scalable models for management, funding, and achieving and quantifying multiple benefits; and • Facilitating <i>outreach, education, and training</i> activities that directly engage priority populations and other stakeholders in

	developing Regional Priority Plans and building capacity to implement the above activities.
• Intended recipients	• The program will provide block grants to state agencies and regional entities in the north, central, southern regions of the state; designated state agencies to implement watershed planning mandated by AB 2551; and a statewide entity to support grant recipients and priority areas not covered by the jurisdictions of the block grant recipients.
• Program structure and process for selecting projects for funding	<ul style="list-style-type: none"> • Funding will be allocated in block grants to entities that can build capacity at the regional level to prioritize and implement forestry and wildfire protection projects that meet regional and state public safety, ecosystem, and public resource goals. The recipients will be selected in accordance with the administering agency's program guidelines and will have demonstrated organizational capacity to coordinate forest management projects and fiscal capacity to manage grant funds. • Each block grant recipient should distribute funding to local entities to assist in the creation of a regional plan, to develop specific projects, and to implement demonstration projects, as appropriate for the region and as allowed under an executed grant agreement with the administering agency.

Element (2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

• How the expenditure is consistent with the Investment Plan and the Scoping Plan	<ul style="list-style-type: none"> • AB 1532 (Pérez, Chapter 807, Statutes of 2012) requires that monies from the Fund be appropriated in a manner that is consistent with the three-year Investment Plan. The Cap-and-Trade Auction Proceeds Revised Draft Third Investment Plan (Fiscal Years 19-20 through 2021-22) identifies Partnerships for Local and Regional Program Implementation as a legislative priority. This Program will augment local and regional collaboratives and engage communities directly in the planning process in alignment with this priority. • The Cap-and-Trade Auction Proceeds Revised Draft Third Investment Plan (Fiscal Years 19-20 through 2021-22) also identifies Natural Resources as a legislative priority, including projects that help prevent and limit damaging wildfire; this Program will facilitate such projects. Additionally, both the Third Investment Plan and Second Investment Plan (Fiscal Years 2016-17 through 2018-19) recommend support for projects related to Healthy Forests and Urban Greening as
---	--

well as Climate Adaptation and Resiliency, per AB 398 (E. Garcia, Chapter 135, Statutes of 2017). Climate change is already increasing the frequency and severity of wildfire in California's forests. These funds will help build capacity for local communities to implement forest health projects and planning for wildfire resilience to prepare for and adapt to these climate impacts. Therefore, the expenditures covered by this record are consistent with the Investment Plan and align with its expressed priorities.

- California's 2017 Climate Change Scoping Plan identified key strategies and recommendations to reduce GHG emissions and achieve the goals and purposes of AB 32 (Nunez, Chapter 488, Statutes of 2006) and related statutes. The Scoping Plan underscores the importance of sustainable forests projects in rural communities that reduce exposure to wildfire emissions, protect ecosystems, and provide benefits like clean water for the entire State; this Program will help facilitate and scale up these forest projects. The Scoping Plan also highlights the importance of advancing healthy forests that are resilient to drought, wildfire, and other stressors through strategies including reforestation, prescribed fire, pest management, fuels reduction, forest conservation easements, and biomass utilization; the Program aims to build capacity in forested communities across California for strategically planning and implementing these strategies.

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.

- | | |
|---|---|
| <ul style="list-style-type: none"> • Describe how expenditures will facilitate the achievement of GHG emission reductions in the State | <ul style="list-style-type: none"> • Expenditures will be used to implement forest management demonstration projects that result in a net GHG benefit from reduced tree mortality, biomass utilization, improved tree growth, and a reduction in the incidence of high severity fire. • Additionally, expenditures will lead to eventual greenhouse gas reduction and carbon sequestration by planning strategic forest management and fire resiliency projects. This planning will help prioritize implementation of projects that reduce the risk of severe wildfire and resulting carbon losses. |
| <ul style="list-style-type: none"> • Explain when GHG emission reductions and/or co-benefits are expected to | <ul style="list-style-type: none"> • For demonstration projects funded by the Program, GHG emission reductions and co-benefits will begin to accrue following project implementation. Benefits will be maintained in a manner dependent on the type of demonstration project. |

<p>occur and how they will be maintained</p>	<p>that is implemented (such as fuel reduction, reforestation, and fire resiliency projects).</p> <ul style="list-style-type: none"> ▪ For planning and permitting projects facilitated by the Program, expected GHG emission reductions and co-benefits will begin to accrue when identified projects are implemented at a later phase. As these projects are implemented, steps will be taken to ensure that GHG emission reductions and co-benefits are maintained.
--	---

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.

<ul style="list-style-type: none"> ▪ Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency 	<ul style="list-style-type: none"> ▪ By helping local and regional governments plan to prevent, respond to, and recover from large and severe wildfires, this Program will directly protect public health and safety and will increase climate resiliency. ▪ The Program will also facilitate projects that will achieve a variety of other indirect co-benefits. Planning projects in forested source watersheds will facilitate protection of water quality and quantity. By creating jobs in forested regions related to forest management and biomass utilization, the Program will support economic development. Projects that restore key ecosystem functions such as low-severity fire will help enhance biodiversity and habitat in forest ecosystems.
<ul style="list-style-type: none"> ▪ How the project will support other objectives of AB 32 and related statutes 	<ul style="list-style-type: none"> ▪ Per the objectives of AB 32 (Nunez, Chapter 488, Statutes of 2006), these projects will help facilitate the reduction of GHG emissions in a manner that: <ul style="list-style-type: none"> - Directs public and private investment toward the most disadvantaged communities in California, especially low income rural communities and other communities that are highly vulnerable to severe fire risks; - Provides an opportunity for community institutions to participate in and benefit from statewide efforts to reduce GHG emissions by facilitating community participatory planning for fire-adapted communities; - Complements the State's efforts to improve air quality by minimizing large and severe wildfires; and - Maximizes additional environmental and economic co-benefits for California by helping to create local jobs for forest health and management. ▪ Additionally, the Program will help facilitate attainment of priorities identified in AB 398 (E. Garcia, Chapter 135, Statutes of 2017), including: <ul style="list-style-type: none"> - Healthy forests and urban greening;

	<ul style="list-style-type: none"> - Reducing short-lived climate pollutants such as black carbon from severe wildfire, and - Climate adaptation and resiliency to wildfire emergencies.
<ul style="list-style-type: none"> ▪ Percentage of total funding that will be expended for projects that are located in and benefit priority populations¹ per CARB guidance 	<ul style="list-style-type: none"> ▪ The administering agency has established a target to expend at least 10 percent of the total project funds received under this fiscal year appropriation to fund projects that provide benefits to low-income communities or low-income households located anywhere in the state. These targets are consistent with CARB guidance.
<ul style="list-style-type: none"> ▪ Describe the benefits to priority populations per CARB guidance 	<ul style="list-style-type: none"> ▪ This Program facilitates the development of regional plans and the establishment of partnerships and collaboratives that will assist priority populations and other communities in accessing statewide public and other grant moneys for climate change mitigation and adaptation projects. This Program will help regional partnerships and collaboratives access grants from programs such as the Department of Forestry and Fire Protection's Forest Health Grants Program and Fire Severity Grants Program. ▪ Block grant recipients will provide direct capacity building opportunities for priority populations within their regions through outreach, workshops, seminars, or trainings. Block grant recipients that receive funding through this Program will also directly engage priority populations and other communities in developing actionable plans that address community needs, reduce environmental burdens, and improve public health. The Regional Priority Plans developed through this program will address needs to priority populations by building fire resilience and emergency preparedness for communities living in high fire risk areas. ▪ Projects and plans funded through this Program will include actionable components that reduce risk to priority populations, including fire and emergency preparedness.
<ul style="list-style-type: none"> ▪ Explain strategies the administering agency will use to maximize benefits to 	<ul style="list-style-type: none"> ▪ To help maximize benefits to disadvantaged communities, the block grant recipients will be required to coordinate with local and regional entities to host community meetings, workshops, outreach efforts, and/or public meetings as part of the planning process to engage residents and community groups. These efforts will allow the public to provide input on

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.

disadvantaged communities	<p>regional planning for forest health and management and the types of projects that would be funded.</p> <ul style="list-style-type: none"> Block grants were selected based in part on their capacity to facilitate a collaborative and inclusive planning process that actively engages residents in forested regions. Grant recipients will aim to ensure that vulnerable communities are engaged in planning so that their input is incorporated into future implementation. Each block grant recipient will document how the received input was or will be considered in the design and selection of projects to address community needs.
<ul style="list-style-type: none"> Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens 	<ul style="list-style-type: none"> Block grant recipients will be required to consult directly with communities through various means including workshops, public meetings, and community meetings that identify community needs and potential burdens. The agency will require the block grant recipients to make adjustments to regional plans and strategies as necessary to avoid potential substantial burdens to disadvantaged and low-income communities.

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.

<ul style="list-style-type: none"> How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance 	<ul style="list-style-type: none"> The Department of Conservation, on behalf of the administering agency, will require funding recipients to maintain records and participate in quarterly reporting meetings. In addition, the administering agency will conduct periodic reviews of selected projects. 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 administering agency's guidelines and the grant agreement.
<ul style="list-style-type: none"> Describe the approach that will be used to document GHG 	<ul style="list-style-type: none"> For plan development and permitting projects facilitated by this Program, GHG emissions will be tracked during implementation phases, as needed

<p>emission reductions and/or other benefits before and after project completion.</p>	<ul style="list-style-type: none"> ▪ For demonstration projects, the Department of Conservation will, on behalf of the administering agency, collaborate with grant recipients and appropriate sister agencies to calculate the GHG emission reductions and co-benefits expected to be achieved from projects using a CARB-developed methodology. ▪ Administering agency staff will review calculations to ensure consistency with approved methodologies.
<ul style="list-style-type: none"> ▪ Type of information that will be collected to document results, consistent with CARB guidance 	<ul style="list-style-type: none"> ▪ 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. ▪ Once operational, the administering agency will collect information on project outcomes consistent with CARB guidance.
<ul style="list-style-type: none"> ▪ How the administering agency will report on program status 	<ul style="list-style-type: none"> ▪ Block grant recipients will report information required by the California Air Resources Board to the Department of Conservation, on behalf of the Natural Resources Agency. The Department of Conservation will compile and forward required reporting information 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.