

April 9, 2008

Department of Forestry and Fire Protection: Funding Wildland Fire Protection

LEGISLATIVE ANALYST'S OFFICE

Presented to:

Assembly Budget Subcommittee No. 3 on Resources

Hon. Ira Ruskin, Chair





Fire Protection in California

Fire protection in California is divided between local agencies and the state—depending on the type of fire response required. While the legal responsibilities are distinct, the California Department of Forestry and Fire Protection (CalFire) and local agencies work cooperatively to assist one another with fire response.



Local Responsibility for Fire Protection and Emergency Services

- **Local Responsibilities.** Throughout the state, local governments provide fire protection services. Local governments are generally responsible for providing *structural* fire protection. Local governments are also generally responsible for providing emergency medical services. Within incorporated areas or areas of sufficient housing density, local governments are responsible for providing wildland fire protection.
- **Funding Local Fire Protection.** The costs of these services are generally paid for with local taxes or assessments.



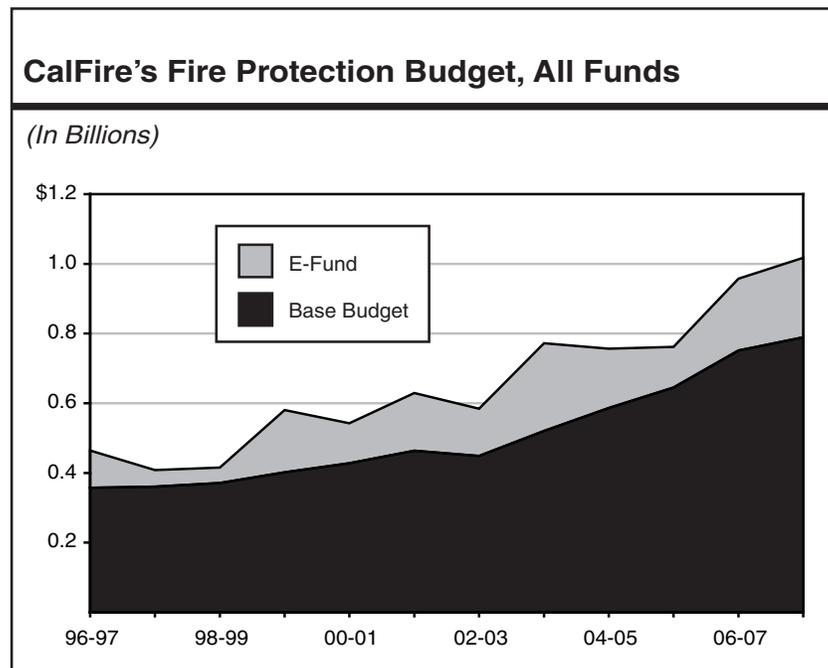
State Responsibility for Fire Protection

- **Wildland Fire Protection.** Under statute, the state is responsible for *wildland* fire protection in state responsibility areas (SRA). The state has no statutory obligation to provide structural fire protection or emergency medical response, although CalFire may do so within existing resources.
- **State Responsibility Areas.** The SRA are made up largely of privately owned rangelands, timber lands, and watershed areas. Under statute, SRA exclude areas within incorporated cities, federal lands, and irrigated agricultural lands. The Board of Forestry has the authority to designate the boundaries of SRA, and has determined administratively that SRA exclude areas where housing density exceeds three units per acre. There are about 31 million acres of SRA in the state—of which about 500,000 belong to local governments and about 1.4 million acres belong to the state.



Increasing State Costs of Fire Protection

- ☑ **Base Budget Versus Emergency Funds.** CalFire's fire protection budget is divided between the base budget and the Emergency Fund (which is used to pay for unforeseen costs associated with large fires).
- ☑ **Increasing Costs of Fire Protection.** Over the last decade, CalFire's fire protection budget has grown dramatically, from \$408 million in 1997-98 to over \$1 billion in the current year.
- ☑ **Increasing Workload.** In part due to past fire protection efforts, the state's forests are full of fallen trees and heavy undergrowth. When these areas burn, the fires are much more intense and difficult to fight than in previous decades. Also, there has been significant development in SRA. Increasing development makes human-caused fires more likely. The presence of people and homes also limits the department's available fire-fighting tactics—such as controlled burns and aircraft use—which require CalFire to rely on more costly methods of fire protection.





Governor's Insurance Surcharge Proposal

- Surcharge Assessed on Property Insurance Policies State-wide.** The Governor proposes to levy a surcharge on all “multi-peril” property insurance policies statewide. The surcharge would be 1.25 percent of the cost of the policy. The administration estimates that such a surcharge would generate about \$100 million in the budget year and about \$125 million per year thereafter.
- Revenues Used to Fund Existing and New Fire Protection Activities.** The proposed surcharge would be used both to supplant \$45 million in existing General Fund expenditures proposed for reduction in CalFire and to fund \$33 million in new activities in CalFire in the budget year.
- LAO Recommends Against Implementation of Governor's Proposal.** We find that the Governor's proposal does not tie the proposed surcharge to the direct benefits of the state's fire protection services. We recommend the Legislature reject the Governor's surcharge proposal.

Uses of the Governor's Proposed Insurance Surcharge^a			
<i>2008-09 (In Thousands)</i>			
Department	General Fund Offset	Program Expansion	Total
Forestry and Fire Protection	\$44,700	\$33,100	\$77,800
Office of Emergency Services	1,900	10,200	12,100
Military Department	—	9,200	9,200
Department of Insurance	—	—	—
Totals	\$46,600	\$52,500	\$99,100

^a About \$5.8 million of projected surcharge revenues in the budget year would go into a fund reserve.



LAO Alternative Fire Protection Fee Proposal

- Assess New Fee on Direct Beneficiaries of State Wildland Fire Protection.** We recommend a fire protection fee that would be paid by the direct beneficiaries of the state's fire protection services—residents of SRA.

- Direct Beneficiaries and State as a Whole Should Share the Costs of Fire Protection.** There are both direct benefits of fire protection to those who live in SRA and general benefits to the state as a whole from CalFire's fire protection. We recommend that an SRA fee be implemented that splits the cost of fire protection evenly between SRA landowners and the state's General Fund. Based on the current-year fire protection budget, this fee would raise about \$265 million.

- Structure of Proposed Fee.** Because one of the key drivers of increasing cost is residential development in SRA, we recommend that the fee be focused on residential property owners in SRA. In the long run, we also recommend that the fee be structured to take into consideration other factors, such as the fire hazard severity faced by the individual fee payer.

- Implementation Issues.** Under our recommendation, county assessors and controllers would collect the fee in conjunction with the property tax. As there are many details to be worked out regarding the implementation of the fee, it is unlikely that revenues could be collected as early as the budget year.



Governor's Proposed Wildland Firefighting Initiative



Includes \$33 Million in New Ongoing Spending in Budget Year; \$26 Million in Additional Spending in 2009-10. The

Governor's budget uses new revenues from the proposed insurance surcharge to fund expanded activities within CalFire and other departments.

- ***"4-0" Staffing.*** General practice by CalFire has been to staff most fire engines with three personnel. In the past few years, the administration—by executive order—has increased staffing levels in certain areas and at certain times of year to four personnel per fire engine. In the current year, CalFire has staffed engines throughout Southern California with four personnel per engine, at a cost of about \$13 million. The budget proposes to increase CalFire's staffing of fire engines to four personnel throughout the state during the peak fire season and transition periods. This would require adding almost 400 seasonal positions at a cost of \$42 million per year. (This includes a shift of \$13 million from the E-Fund to base budget.)
- ***Automatic Vehicle Locators.*** The budget proposes to spend \$4.2 million per year to upgrade vehicles and aircraft with a GPS-based location system. This would be used to dispatch resources and provide additional safety to firefighters.
- ***Helicopter Replacements.*** The budget proposes to begin replacing CalFire's existing helicopter fleet, beginning in 2009-10. The existing helicopter fleet is made up of 11 UH-1H (Super Huey) helicopters received from the federal government in the early 1990s. Over time, the maintenance costs for these aging helicopters will continue to increase. Also, these helicopters are not capable of nighttime flight.



Recommend Rejection of Most Elements of the Governor's Initiative



We recommend that the Legislature reject most of the Governor's Wildland Firefighting initiative on its merits (separate from the issue of how such initiative would be funded):

- **4-0 Staffing.** We recommend the Legislature reject the proposal to increase staffing by 400 positions. We find that the need for expanded staffing throughout the state—every year—has not been justified as a cost-effective way to reduce the costs of fire response. There are also unknown implications for CalFire's capital outlay budget to accommodate nearly 400 additional firefighters.
- **Automatic Vehicle Locators.** We recommend the Legislature approve the proposal to install GPS tracking devices on its vehicles, as this will provide additional safety for CalFire personnel.
- **Helicopter Replacements.** We recommend the Legislature reject the proposal to replace the helicopter fleet. At some point it will no longer be cost effective to maintain the existing fleet. However, the administration has not demonstrated that the state has reached that point.