

March 26, 2007

California Department of Forestry and Fire Protection: State's Wildland Firefighting Costs Continue to Escalate

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

Presented to:

Senate Budget Subcommittee No. 2 on Resources,
Environmental Protection and Energy

Hon. Alan Lowenthal, Chair





State's Firefighting Responsibility



Wildland Firefighting

- The state has the responsibility for providing wildland fire protection in designated state responsibility areas (SRA).



SRA Include:

- Timberlands, rangelands, and watersheds
- Mostly privately owned lands



SRA Do Not Include:

- Areas within incorporated cities, federally owned lands
- Areas with more than three housing units per acre (pursuant to a Board of Forestry SRA designation guideline)



State's Firefighting Responsibility *(Continued)*



The California Department of Forestry and Fire Protection (CDFFP) cooperates with local governments to provide emergency services under four main types of agreements:

- ***“Schedule A” Agreements.*** Local governments hire CDFFP to provide local fire protection services (structure fire protection, emergency medical response, etcetera). The state is reimbursed for the costs of the service.
- ***Contract Counties.*** The state hires local county governments to provide wildland fire protection in SRA (for example, Los Angeles and Marin Counties). The state pays local government for those services.
- ***Amador Agreements.*** Under these agreements, local governments reimburse the state for the costs of keeping CDFFP fire stations open during the non fire season.
- ***Mutual Aid.*** The state and local governments have entered into many agreements to provide assistance to one another. For example, there are agreements that allow for the closest available resource to respond to the fire or other emergency, without regard to jurisdiction. In general, reimbursements are only paid after 12 or 24 hours of response.

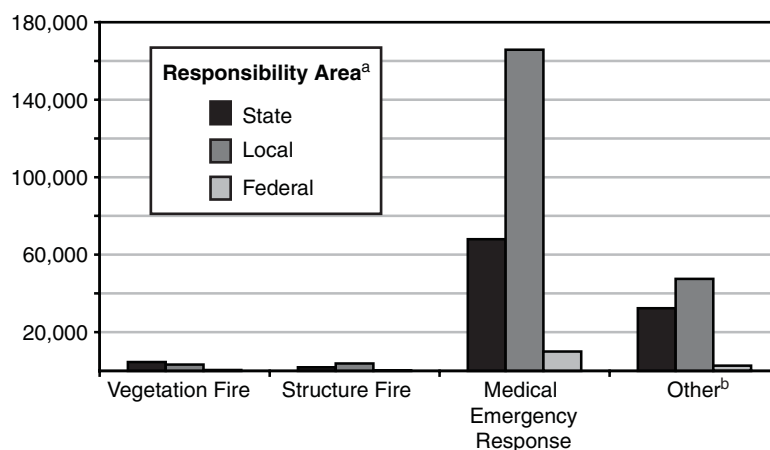


CDFFP Incident Responses

Figure 1

CDFFP Incident Responses

Calendar Year 2006



^a Under current law, the state is only responsible for responding to vegetation fires in state responsibility areas.

^b Includes miscellaneous fires (such as trash fires), nonmedical emergency calls (such as wild animal sightings), and hazardous materials incidents.



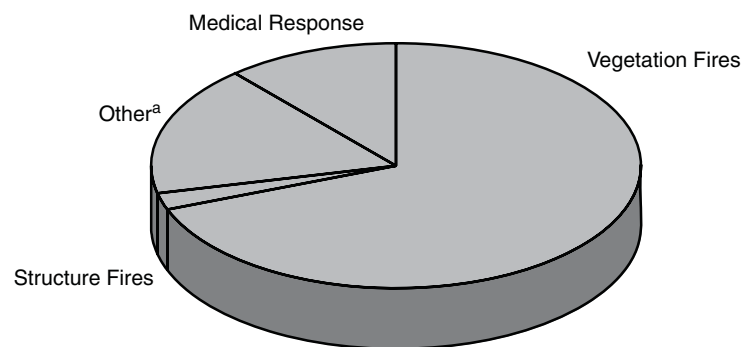
As shown in the figure, the majority of CDFFP responses (in terms of the number of individual incidents) are to incidents other than wildland fires.

CDFFP Time Spent per Incident Type

Figure 2

CDFFP Time Spent Per Incident Type

Calendar Year 2006



^a Includes miscellaneous fires (such as trash fires), nonmedical emergency calls (such as wild animal sightings), and hazardous materials incidents.



However, as shown above, CDFFP spends 75 percent of its *time* fighting wildland fires.

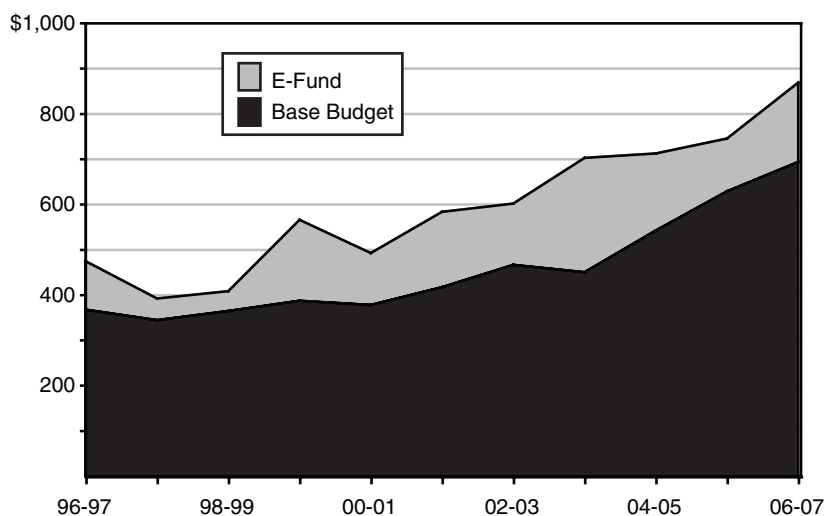


State's Cost to Provide Fire Protection Continues to Increase

Figure 3

CDFFP Fire Protection Expenditures

(In Millions)



The department's fire protection expenditures include baseline costs (salaries and employee benefits, facility maintenance, and operations) and emergency costs, which include additional unplanned costs associated with large wildland fires, including overtime. As shown in the figure, the department's fire protection expenditures have increased from \$475 million in 1996-97 to \$869 million in 2006-07—an 83 percent increase. The *2007-08 Governor's Budget* proposes about \$1.2 billion for fire protection.



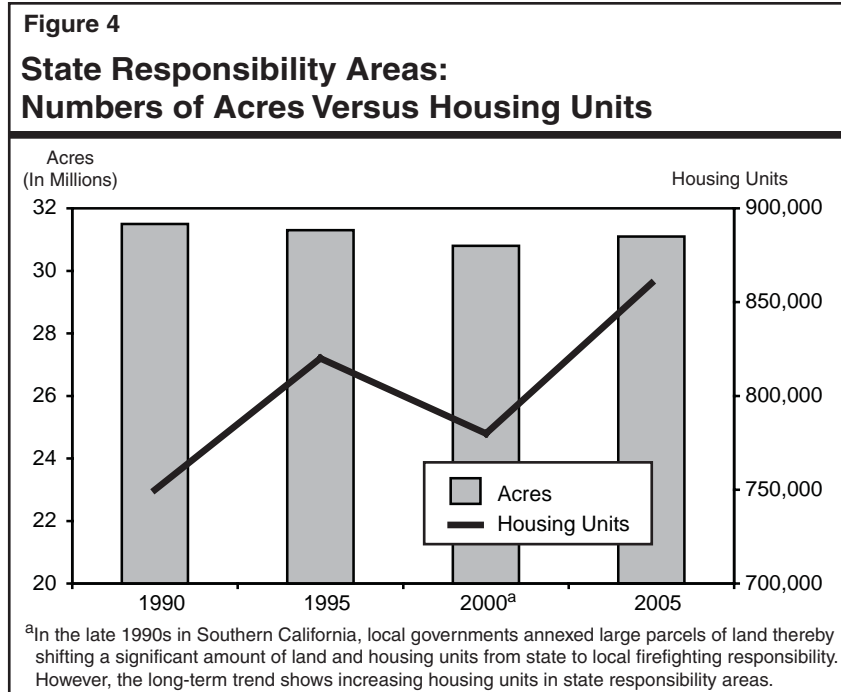
Reasons for Increasing Costs of Fire Protection

There are several reasons why the state's expenditures for fire protection have grown so substantially over the last decade. These include:



Increasing Workload Due to:

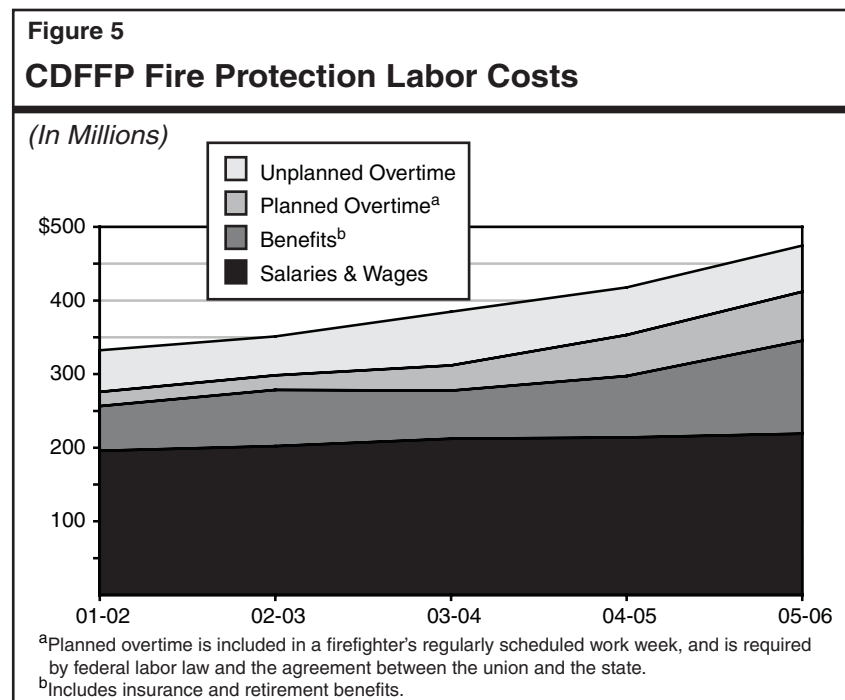
- Changing wildland fuel conditions
- Increasing development in the wildland urban interface
 - As shown in the figure below, while the total acreage in SRA has remained stable over the last 15 years, the number of housing units in SRA has increased significantly over this period. As development increases, fire protection costs increase.





Reasons for Increasing Costs of Fire Protection

(Continued)



Increasing Labor Costs, Reflecting:

- Increasing number of positions
- Increasing wage and benefit levels
- Increasing overtime expenditures, particularly in respect of "planned overtime"



Options for Controlling State's Fire Protection Costs



Sharing of State's Fire Protection Costs With Direct Beneficiaries of State's Services

- Enacting a fire protection fee on private landowners in SRA.



Sharing of Fiscal Responsibilities for Fire Protection With Local Governments

- Clarifying state versus local responsibilities for nonwildland fire protection in SRA.
- Altering the standards for SRA designation, potentially triggering a shift in fire protection responsibility for certain lands from the state to local governments.



Enacting a Fire Protection Fee

- ☒ State fire protection provides both public and private benefits. Therefore, landowners in SRA directly benefitting from the state's services should pay a portion of the state's costs.
- ☒ Previous SRA fee enacted in 2003-04, at a flat \$35 per parcel, regardless of parcel size. This fee was rescinded before fees were collected.
- ☒ We recommend the Legislature enact a fire protection fee on SRA landowners to split the cost of fire protection equally between the General Fund and fees. We further recommend a fee structure that, relative to the prior fee that was rescinded, more directly ties the amount of the fee for an individual landowner to the potential state costs of providing fire protection services benefiting that landowner. Using the proposed 2007-08 budget as a base, our fee proposal would raise \$315 million, as shown in the figure below.

Options for SRA Fee Structure

- ☒ Assuming fee covers 50 percent of the California Department of Forestry and Fire Protection's General Fund fire protection budget for 2007-08 of \$633 million, fee would need to be set at a level that raises \$317 million.
- ☒ Based on 2005 data, there are 31.1 million acres and 860,000 housing units in SRA.
- ☒ Potential fee structures to raise \$317 million, among many variations:
 - Per-acre fee of \$10
 - Per-acre fee of \$8, plus \$74 fee per housing unit (reflects an 80/20 funding split between acreage and development)
 - Per-acre fee of \$5, plus \$184 fee per housing unit (reflects a 50/50 funding split between acreage and development)



Clarifying the State's Fiscal Role for Fire Protection

- ☒ Current statute is not explicit that the state is not responsible for life or structure protection in SRA.
- ☒ We recommend the Legislature enact legislation clarifying that the state is not fiscally responsible for nonwildland fire protection in SRA.
- ☒ Such a clarification may encourage local governments to provide adequate funding for those activities.
- ☒ The CDFFP would still be able to respond to emergencies (regardless of jurisdiction) through mutual aid agreements.



Reviewing Standards for SRA Designation

- ☒ There has been a great deal of development in SRA at lower densities than is currently required to revert SRA lands to local responsibility.
- ☒ Local governments have authority to make land use decisions, but the state pays for the fire protection that benefits new development.
- ☒ Options for changing SRA criteria include:
 - Altering the density requirement
 - Paying more attention to actual and potential land uses in developing areas