



# Air Resources Board



**Matthew Rodriguez**  
Secretary for  
Environmental Protection

**Mary D. Nichols, Chairman**  
1001 I Street • P.O. Box 2815  
Sacramento, California 95812 • [www.arb.ca.gov](http://www.arb.ca.gov)

**Edmund G. Brown Jr.**  
Governor

TO: Duane Shintaku  
Deputy Director  
Resource Management  
CAL FIRE  
1416 9th Street  
Sacramento, CA 94244

FROM: Cynthia Marvin, Chief  
Transportation and Toxics Division

DATE: June 19, 2015

SUBJECT: GREENHOUSE GAS REDUCTION FUND: CALIFORNIA DEPARTMENT  
OF FORESTRY AND FIRE PROTECTION EXPENDITURE RECORD  
FOR FISCAL YEAR 2014-15 – FOREST LEGACY PROGRAM

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Thank you for submitting the final expenditure record (attached) on behalf of the California Department of Forestry and Fire Protection (CAL FIRE) on June 18, 2015 to satisfy the requirements of Senate Bill 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012) for expenditures from the Greenhouse Gas Reduction Fund (Fund). We appreciate the iterative consultation process with CAL FIRE staff on the development of this record to support expenditures from the Fund for the Forest Legacy Program.

This memorandum documents that Air Resources Board (ARB) staff concurred on June 19, 2015 that the attached record is consistent with the statutory requirements of Government Code Section 16428.9 and with ARB's expectations, as documented in the August 6, 2014 final ARB *Interim Guidance to Administering Agencies on Expenditure Record and Fiscal Procedures*.

The CAL FIRE Expenditure Record for Fiscal Year 2014-15, along with this memorandum, will be published on the ARB Cap-and-Trade Auction Proceeds website at: [www.arb.ca.gov/auctionproceeds](http://www.arb.ca.gov/auctionproceeds).

If you have any questions concerning this memorandum, please call me at (916) 324-0062 or via email at [Cynthia.Marvin@arb.ca.gov](mailto:Cynthia.Marvin@arb.ca.gov).

## Attachment

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.*

California Environmental Protection Agency

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Duane Shintaku  
June 19, 2015  
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cc: (via email)

Ken Pimlott  
CAL FIRE  
[Ken.Pimlott@fire.ca.gov](mailto:Ken.Pimlott@fire.ca.gov)

Helge Eng  
CAL FIRE  
[Helge.Eng@fire.ca.gov](mailto:Helge.Eng@fire.ca.gov)

Thomas Lutzenberger  
CAL FIRE  
[thomas.lutzenberger@fire.ca.gov](mailto:thomas.lutzenberger@fire.ca.gov)

**Greenhouse Gas Reduction Fund: Expenditure Record**

**Fiscal Year:** 2014-15 Funds

California Department of Forestry and Fire Protection (CAL FIRE)  
Forest Legacy Program

**Authorizing legislation:** Item 3540-001-3228 (Senate Bill 852, Chapter 25, Statutes of 2014) appropriated \$17,847,000 and item 3540-101-3228 (Senate Bill 852, Chapter 25, Statutes of 2014) appropriated \$24,153,000 to implement fire risk reductions, forest health activities, and urban forestry projects.

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

<input type="checkbox"/> Agency that will administer funding	<ul style="list-style-type: none"> <li>▪ California Department of Forestry and Fire Protection (CAL FIRE)</li> </ul>
<input type="checkbox"/> Amount of proposed expenditure and appropriation reference	<ul style="list-style-type: none"> <li>▪ Items 3540-001-3228 and 3540-101-3228 of the Budget Act of 2014 include \$24,153,000 (\$21.5 million in grants, \$850,000 in contracts, and \$1.8 million in program/administrative staff) from the Greenhouse Gas Reduction Fund (GGRF) for forest management activities that will reduce greenhouse gases (GHG).</li> <li>▪ Of that amount, \$4,200,000 will go towards forest conservation easements as described in this Expenditure Record.</li> </ul>
<input type="checkbox"/> Intended recipients	<ul style="list-style-type: none"> <li>▪ Landowners as defined in 14 CCR §1571 meaning an individual, partnership, private, public, or municipal corporation</li> <li>▪ Native American Tribes</li> <li>▪ State agency, county, or local government entities</li> <li>▪ Educational institutions</li> <li>▪ Association of individuals of any kind that own private forest lands or woodlands</li> </ul>
<input type="checkbox"/> Project category	<ul style="list-style-type: none"> <li>▪ Natural Resources, Forest Legacy Program/Conservation Easements.</li> </ul>
<input type="checkbox"/> Type of projects that will be eligible for funding	<ul style="list-style-type: none"> <li>▪ Projects will be incorporated into CAL FIRE’s existing Forest Legacy Program (FLP), which facilitates the sale or transfer of development rights for selected private forest lands through working forest conservation easements, when there is a clear threat of conversion to a non-forest land use.</li> <li>▪ Conservation easements provide funding to landowners who voluntarily relinquish their right to develop their land, or convert their forestland, while retaining ownership.</li> <li>▪ Avoiding forest conversion results in continued carbon sequestration of forest trees and avoiding land use that would likely result in carbon emissions (subdivision, industrial uses).</li> </ul>

- Grantees will be required to prepare a multi-resource management plan that is the equivalent, or more extensive than, a Forest Stewardship Plan (as per US Forest Service guidelines). This plan must be acceptable to the state and approved prior to signing the acquisition of the easement. Management plans must demonstrate harvest levels which can be permanently sustained over time.
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- Announcements about funding availability, eligibility requirements, and application procedures are sent electronically to the California Association of Land Trusts, California Association of Resource Conservation Districts, California Association of Registered Professional Foresters, Forest Landowners of California and other interested parties.
  - All pertinent information is posted on the CAL FIRE, Resource Management website including Procedural Guidelines, forms, relevant statute and regulation, and multiple contacts.
  - Interested parties send in Concept Proposals by a certain published date.
  - Landowners or their representatives, who submitted Concept Proposals deemed to meet the minimum qualifications, are sent notification to submit a FLP Application by a certain date.
  - In addition to the GHG benefit, applications are scored based on the four FLP criteria set by the federal government: Importance, the public benefits gained from the protection and management of the property; Threat, the conversion to non-forest uses is possible to imminent and will result in a loss of forest values and public benefits; Strategic, the project fits within a larger conservation plan, strategy, or initiative and enhances previous conservation investments; and Project Readiness, a graduated scale indicating the level of commitment and likelihood a project will be completed in a predictable timeline. (100 points total).
  - Scoring team includes CAL FIRE Registered Professional Foresters as well as the State Forest Stewardship Coordinating Committee<sup>1</sup> (SFSCC) The involvement of the SFSCC is required if federal funding is to be included in the project. Members included local, state and federal officials (representing forestry, wildlife, etc.), forest landowners, land trusts, conservation organizations, consulting foresters, forest products industry, etc.
  - Applications are funded by rank based on their final accumulated scores.

□ Process for selecting projects for funding

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<sup>1</sup> US Code: Title 16, Sec. 2113.

**(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.**

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- How the expenditure is reflected in the three-year Investment Plan
- AB 1532 requires that GGRF monies be appropriated in a manner that is consistent with the three-year Investment Plan. The 2013 Cap-and-Trade Auction Proceeds Investment Plan<sup>2</sup> recommends that funds be used for forest conservation easements to sequester carbon.
  - In addition, the First Update to the Scoping Plan<sup>3</sup> recognizes the key role that forests must play in meeting California's GHG emission reduction goals. It describes a series of policies, actions, and strategic investments to enhance, protect, and conserve California's natural and working lands in ways that will provide important climate benefits, specifically recommending preventing the conversion of forestlands through funded land acquisitions.
  - CAL FIRE's proposed expenditures on conservation easement projects are designed to capitalize on these climate change mitigation opportunities, further the GHG emission reduction regulatory purposes of Section 38500, and align with the priorities of the Investment Plan. This is achieved by implementing conservation easements that avoid forest conversion, result in continued carbon sequestration, and avoid land uses that would likely result in carbon emissions (subdivision, industrial uses etc.).
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**(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.**

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- Expected time frame when reductions will be achieved and how expenditure will maintain GHG reductions
- The goal of this grant program is to fund forest conservation projects for the purpose of achieving net GHG reductions. In order to be deemed complete and eligible for consideration of funding, project proposals are required to include a clear description of the estimated net GHG benefit that will be achieved through project implementation.
  - Avoiding forest conversion results in continued carbon sequestration by living trees and avoiding land use that would likely result in carbon emissions (subdivision, industrial uses, etc.). Conservation easements will provide a net GHG benefit by avoiding conversion of the land to a non-
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<sup>2</sup> Cap-and-trade auction proceeds investment plan: fiscal years 2013-14 through 2015-16.

[http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/final\\_investment\\_plan.pdf](http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/final_investment_plan.pdf)

<sup>3</sup> First Update to the Climate Change Scoping Plan

[http://www.arb.ca.gov/cc/scopingplan/2013\\_update/first\\_update\\_climate\\_change\\_scoping\\_plan.pdf](http://www.arb.ca.gov/cc/scopingplan/2013_update/first_update_climate_change_scoping_plan.pdf)

forest use and continue to sequester carbon in perpetuity as the forest is managed and maintained.

- All FLP conservation easements are monitored annually (in perpetuity) to ensure compliance with the requirements of the easement. Monitoring includes a field visit, review of aerial photos and review of pertinent documents; e.g. logging receipts. Annual reports both to the federal government and the state are a monitoring requirement. The monitoring, monitoring report, and enforcement of the easement provisions are the responsibility of the grantee (CAL FIRE).
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**(4) A description of how the state agency considered the applicability and feasibility of other nongreenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.**

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Conservation easement projects will provide direct and indirect public benefits by retaining forested land and avoiding losses of forest tree cover. A summary of co-benefits include:

□ Expected co-benefits, particularly environmental, economic, public health and safety

- Maintaining or improving water quality by impeding erosive runoff that can discharge sediments into streams
- Healthy resilient forests that are more resistant to fire and climate change because landowner has the funds to accomplish timber stand improvement
- Functional wildlife habitat for state and federally listed species
- Habitat, refugia and migration corridors for wildlife, and maintain the diversity of natural communities that are increasingly stressed by climate change
- Maintenance of, and improved air quality
- Preservation of historic and cultural resources
- Employment opportunities because the landowner has the funds (or may qualify for other sources of funding) to accomplish timber stand improvement, watershed improvement, and wildlife improvement projects.
- Enhanced and maintain recreational opportunities and tourism revenue- recreation may be part of the conditions and would not be available without the purchase of the easement

Forest land conservation provides multiple climate change benefits, as well as additional environmental and economic benefits associated with protecting wildlife habitat, recreation opportunities, watersheds, and working forest landscapes. Forest conservation ensures that the land is available for continued or enhanced sequestration of carbon in trees. Conserving large contiguous

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tracts of land in forest cover also protects wildlife and reduces habitat fragmentation, and provides opportunities for recreation, wood production, and use of other forest products. Preserving continuous forest cover also buffers landscapes from other climate change impacts such as changes in hydrology and watershed processes as well as supporting the AB 32 goal of complementing the State's efforts to improve air quality.

Conservation easements increase the viability of a domestic forest products industry within California's borders, thus providing a potential revenue source for other forest improvement projects.

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Disadvantaged community benefits, if applicable, as defined in ARB guidelines

- These grants are not expected to directly benefit disadvantaged communities.

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Percentage of total funding that will be expended for projects that benefit disadvantaged communities, per ARB guidelines

- These grants are not expected to directly benefit disadvantaged communities.

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How the project will support other AB 32 objectives (see below)

- Conservation easements support the AB 32 goal of complementing the State's efforts to improve air quality.
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**(5) A description of how the state 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.**

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<p><input type="checkbox"/> Approach that will be used to document net GHG reductions before and after project completion. Include citations for references that support methodology.</p>	<ul style="list-style-type: none"><li>▪ Project proponents and CAL FIRE will calculate the net GHG benefit from the program described here using ARB-approved quantification methodologies. CAL FIRE will work closely with ARB to improve GHG reduction methodologies for all forestry projects in order to ensure that only projects with net GHG reduction are funded with GGRF funds.</li><li>▪ The net GHG benefit for conservation easement projects are calculated by comparing the project scenario to the no-project scenario at the end of a 10 year project life. The project scenario is an estimate of the onsite carbon stocks as a result of retaining the existing forest carbon and subsequent tree growth, carbon stored long-term in wood products, and avoided emissions from the production of biomass energy. The no-project scenario is an estimate of the onsite carbon stocks and carbon stored in wood products when the project is not implemented. This quantification approach is consistent with the accounting principles of the ARB Compliance Offset Protocol for U.S. Forest Projects.<sup>4</sup></li></ul>
<p><input type="checkbox"/> Type of information that will be collected to document project results, as described in ARB guidelines</p>	<ul style="list-style-type: none"><li>▪ Grantees will collect and report project results to CAL FIRE for entry into the Department's CAL Mapper Information System. Information such as acres conserved, location of projects, funds expended, solid wood or biomass products generated, and net GHG benefit will be collected and recorded.</li></ul>
<p><input type="checkbox"/> How the agency will report on program status</p>	<ul style="list-style-type: none"><li>▪ CAL FIRE will regularly report on expenditures, status of grant projects, and project benefits in reports prepared and submitted according to ARB guidelines.</li><li>▪ At a minimum, such reports will include expenditures, net GHG benefit, and co-benefits.</li></ul>

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<sup>4</sup> <http://www.arb.ca.gov/regact/2014/capandtrade14/ctusforestprojectsprotocol.pdf>