



Air Resources Board



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TO: Helge Eng
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FROM: Cynthia Marvin, Chief
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DATE: November 2, 2016

SUBJECT: GREENHOUSE GAS REDUCTION FUND: CAL FIRE EXPENDITURE
RECORD FOR FISCAL YEAR 2016-17 – URBAN AND COMMUNITY
FORESTRY PROGRAM

Thank you for submitting the final expenditure record (attached) on behalf of the California Department of Forestry and Fire Protection (CAL FIRE) on October 28, 2016 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 Urban and Community Forestry Program.

This memorandum documents that Air Resources Board (ARB) staff concurred on November 2, 2016 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 *Funding Guidelines for Agencies that Administer California Climate Investments*.

The CAL FIRE Expenditure Record for the Urban and Community Forestry Program for Fiscal Year 2016-17, along with this memorandum, will be published on the ARB Cap-and-Trade Auction Proceeds website at: www.arb.ca.gov/auctionproceeds.

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

Attachment

cc: See next page.

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

Greenhouse Gas Reduction Fund: Expenditure Record

Fiscal Year: 2016-17

Department of Forestry and Fire Protection
Urban and Community Forestry Program

Authorizing legislation: Item 3540-001-3228 of AB 1613, Committee on the Budget, Budget Act of 2016 (Chapter 370, Statutes of 2016) and SB 859, Committee on Budget and Fiscal Review, Public resources: greenhouse gas emissions and biomass (Chapter 368, Statutes of 2016)

(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"> ▪ Department of Forestry and Fire Protection, Urban and Community Forestry Program
<input type="checkbox"/> Amount of proposed expenditure and appropriation reference	<ul style="list-style-type: none"> ▪ Per appropriation 3540-001-3228, the total expenditure is \$15,000,000 (\$13,500,000 for local assistance grants and \$1,500,000 for agency administrative costs) from the Greenhouse Gas Reduction Fund (GGRF) for urban and community forestry projects that will reduce greenhouse gases (GHG).
<input type="checkbox"/> Estimated amount of expenditures for State agency administrative costs	<ul style="list-style-type: none"> ▪ State agency administrative costs are estimated to be \$1,500,000.
<input type="checkbox"/> If applicable, identify laws or regulations that govern how GGRF funds will be used	<ul style="list-style-type: none"> ▪ Public Resources Code 4799.06-4799.12, The California Urban Forestry Act of 1978. ▪ California Code of Regulations, Title 14, Division 1.5, Chapter 9.7, Urban Forestry Program Procedures. ▪ AB 1532 (Pérez, Chapter 807, Statutes of 2012), SB 535 (de León, Chapter 830, Statutes of 2012), SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), and SB 862 (Committee on Budget and Fiscal Review, Chapter 36, Statutes of 2014) provide the general framework for how the auction proceeds will be administered to further the purposes of AB 32.
<input type="checkbox"/> Continuation of existing Expenditure Record	<ul style="list-style-type: none"> ▪ This fiscal year's appropriation will support a continuing program that will fund some of the same types of projects that have been previously funded under existing Expenditure Records (FY 2014-15). In contrast to the existing Expenditure Records, the FY 2016-17 expenditure will be directed toward fewer project types and does not include funding for heavily engineered green infrastructure (e.g., stormwater capture facilities, green alleys, etc.).

<input type="checkbox"/> Project category	<ul style="list-style-type: none"> ▪ Natural Resources and Waste Diversion, Urban and Community Forestry.
<input type="checkbox"/> Type of projects that will be eligible for funding	<ul style="list-style-type: none"> ▪ 1. <i>Urban Forest Expansion and Improvement</i>: Urban tree planting and planting of urban vegetation to reduce GHG emissions, tree and plant establishment care, and site preparation. In addition to tree planting (required for all Urban Forest Expansion and Improvement projects), a project may also involve urban tree site improvements to create larger, more functional planting sites for trees and associated vegetation such as bioswales and the acquisition of small, vacant parcels to be improved for purposes consistent with the California Urban Forestry Act. ▪ 2. <i>Urban Wood and Biomass Utilization</i>: Creation, development, and implementation of projects to better utilize trees and/or other vegetation from urban forests. The trees that are utilized must not have been removed solely for purposes of utilization; there must be another valid management objective behind the removal of the trees. Urban Wood and Biomass Utilization projects must show that the removed trees were replaced with trees of similar or improved long-term carbon storage and co-benefits. ▪ 3. <i>Urban Forest Management Activities</i>: Improving long-term management of urban forests to reduce GHG emissions and improve urban forest performance over time. Projects may involve the establishment or updating of a jurisdiction-wide tree inventory, urban forest mapping and analysis, and/or long-term management plan. May include policy integration or ordinance development. All Urban Forest Management projects must include a tree planting component during the project performance period.
<input type="checkbox"/> Intended recipients	<ul style="list-style-type: none"> ▪ Cities ▪ Counties ▪ Districts (including, but are not limited to, school, park, recreation, water, and local taxing districts) ▪ Non-profit organizations
<input type="checkbox"/> Process for selecting projects for funding	<ul style="list-style-type: none"> ▪ Competitive grant solicitation, evaluation and selection of projects according to the program guidelines.

(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 reflected in the three-year Investment Plan and the Scoping Plan

- AB 1532 requires that GGRF monies be appropriated in a manner that is consistent with the three-year Investment Plan. The Cap-and-Trade Auction Proceeds Second Investment Plan: Fiscal Years 2016-17 through 2018-19 acknowledges the multiple benefits of urban forests and the greening of built environments including carbon sequestration, air filtration, community cooling, improved active transportation and recreational conditions, improved storm-water runoff, and water retention. It also highlights urban forestry’s contribution to mitigating environmental health burdens in disadvantaged communities.
 - In addition, the First Update to the Scoping Plan, released in May 2014, recognizes the role that urban forests play in meeting California’s GHG emission reduction goals. In addition to carbon sequestration, it describes the additional energy savings and multiple other co-benefits that urban forests provide.
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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.

<p><input type="checkbox"/> Describe how expenditures will achieve GHG reductions or net GHG benefits</p>	<p><i>For Urban Forest Expansion and Improvement and Urban Forest Management Activities Grant Projects:</i></p> <ul style="list-style-type: none">▪ Trees planted in urban areas directly sequester carbon as they grow.▪ Urban trees avoid emissions of GHG by direct shading of buildings (reduced energy use).▪ Applicants will estimate the direct carbon storage by trees as well as avoided emissions from reduced energy use using ARB's FY 2016-17 quantification methodology.
<p><input type="checkbox"/> Expected time frame when reductions will be achieved and how expenditure will maintain GHG reductions or net GHG benefits</p>	<p><i>For Urban Wood and Biomass Utilization Grant Projects:</i></p> <ul style="list-style-type: none">▪ Urban trees and other biomass at times must be removed for public safety or forest health purposes. Most of the removed biomass currently ends up in landfills, where it decays (emits GHGs). These projects will seek to change this dynamic. The purpose of these projects would be to use the wood and other biomass for their highest and best use.▪ By converting urban tree trunks into high quality wood products the carbon contained in them does not decay in a landfill. It is put to a better use. The GHG reductions result from wood products retaining more carbon than landfilled biomass.▪ Biomass (tree trimmings, landscaping clippings, etc.) can be repurposed for electricity generation or biofuel production. By utilizing biomass for energy, these projects avoid GHG emissions from displaced fossil fuel based energy sources. <hr/> <ul style="list-style-type: none">▪ <i>Urban forest Expansion and Improvement and Urban Forest Management Activities:</i> Reductions are expected to occur starting in year 1 and continue over a period of 40+ years. All tree planting projects will be assessed and inspected by CAL FIRE Urban Foresters to ensure best management practices are followed thus ensuring long-term survival of the trees.▪ <i>Urban Wood and Biomass Utilization:</i> GHG reductions are immediate since emissions from landfilled biomass are avoided. Wood products retain carbon stored long-term and a portion can be considered permanently stored (100 years). Bioenergy production also results in immediate and permanent GHG reductions compared to fossil fuel based energy. <hr/>

(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.

<p><input type="checkbox"/> Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency</p>	<ul style="list-style-type: none"> ▪ <i>Urban Forest Expansion and Improvement</i> projects increase energy conservation, reduce the urban heat island effect (urban temperature reduction), reduce storm-water runoff, extend the life of surface streets, improve local air, soil, and water quality, help to mitigate environmental health burdens, create jobs, improve business income levels, improve property values, and improve public health outcomes. ▪ <i>Urban Forest Management Activities</i> projects improve long-term performance of urban forests by encouraging better long-term management. In addition, these projects plant trees and provide all of the co-benefits associated with Urban Forest Expansion and Improvement tree planting projects. ▪ <i>Urban Wood and Biomass Utilization</i> projects increase utilization of removed trees to avoid the trees ending up in a landfill. This helps to meet state waste diversion goals and, if used for biomass energy, state renewable energy goals. By utilizing best management practices required under this program and improving urban forest management, fewer trees will become hazardous or susceptible to insect, disease, and storm damage, all of which improve public safety. ▪ All funded urban and community forestry projects will result in a net GHG benefit, provide co-benefits, and assist urban areas in adapting to climate change realities.
<p><input type="checkbox"/> How the project will support other AB 32 objectives</p>	<ul style="list-style-type: none"> ▪ Maximizing environmental, social and economic co-benefits. ▪ Complements State efforts to improve air quality. ▪ Directs public and private (matching funds) investment to disadvantaged communities. ▪ Provides opportunities for community institutions and small businesses to participate in and benefit from GHG reduction efforts.
<p><input type="checkbox"/> Percentage of total funding that will be expended for projects that are “located within” and “provide benefits to” disadvantaged communities, per the criteria in Volume 2 of</p>	<ul style="list-style-type: none"> ▪ At a minimum, 75% of the \$15 million appropriation will be expended on projects located within and providing benefits to disadvantaged communities.

ARB's Funding Guidelines	
<p>□ Describe the disadvantaged community benefits and explain strategies the agency will use to maximize benefits</p>	<ul style="list-style-type: none">▪ CAL FIRE does extensive outreach (workshops and webinars) both before releasing grant guidelines, as well as during the grant advertisement period.▪ Urban and community forestry projects can provide direct, meaningful, and assured benefits to disadvantaged communities which also tend to be areas with the least urban forest resources.▪ The proposed urban and community forestry project types would expand and better manage tree canopy and vegetative cover in disadvantaged communities. By accomplishing this, they will provide numerous environmental, social, and economic benefits that are described in sections above.▪ To maximize benefits to disadvantaged communities, CAL FIRE will award additional points to projects that meet the criteria for providing direct, meaningful, and assured benefits to a disadvantaged community and meaningfully address an important community need established in ARB's Funding Guidelines for Agencies that Administer California Climate Investments (Funding Guidelines).▪ Projects that meet the criteria for benefiting a disadvantaged community are eligible to have their cost share requirement waived.▪ Local jobs are likely to be created for those living in disadvantaged communities.▪ Local businesses in disadvantaged communities are likely to be hired to perform at least some of the work on these projects.▪ Upon successful completion, projects that meet the criteria for benefiting a disadvantaged community are eligible to receive up to two maintenance cycles of funding for ongoing tree care and maintenance.

(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.

<p><input type="checkbox"/> How the agency will track and report progress to make sure projects are implemented per GGRF requirements</p>	<ul style="list-style-type: none"> ▪ CAL FIRE requires quarterly reporting by grantees in a format prescribed in ARB guidance. In addition, CAL FIRE 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 of non-performance, as identified in the program guidelines.
<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"> ▪ All GHG reductions will be quantified using the ARB Quantification Methodology for Urban Forestry Projects for FY 2016-2017. CAL FIRE staff will review calculations prepared by project proponents to ensure consistency with approved methods. ▪ CAL FIRE will work closely with ARB to improve GHG quantification methodologies for all urban and community forestry projects in order to ensure that only projects with a net GHG benefit are funded by the GGRF. ▪ In accordance with the Funding Guidelines, GHG reductions will be reported annually through project completion and, for a subset of projects, for five years after project completion.
<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"> ▪ The information collected will conform to Table 3.A-12, in Appendix 3.A, of the Funding Guidelines including but not limited to: net GHG benefit, co-benefits, project location, and disadvantaged community benefits. ▪ To determine the job creation benefits, CAL FIRE will compile data from funding recipients consistent with Table 3.A-16 of the Funding Guidelines, including but not limited to: number of job-years provided, average wages and benefits, the number of people who completed job training or received industry recognized certifications, and residence location of job/training recipients.
<p><input type="checkbox"/> How the agency will report on program status</p>	<ul style="list-style-type: none"> ▪ CAL FIRE will regularly report on expenditures, status of grant projects, and project benefits in reports prepared and submitted according to ARB Funding Guidelines. At a minimum, the reports will include expenditure amounts, current estimates of the net GHG benefit, and co-benefits achieved.