

NATURAL RESOURCES

The Natural Resources Agency consists of 26 departments, boards, commissions, and conservancies responsible for administering programs to conserve, protect, restore, and enhance the natural, historical, and cultural resources of California. The May Revision includes total funding of \$10.7 billion (\$3.5 billion General Fund) for all programs included in this Agency.

CLIMATE RESILIENCY AND ADAPTATION

California has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate, climate change will intensify extreme weather events such as coastal storm surges, droughts, wildfires, floods and heat waves. Californians are now experiencing first-hand the damaging effects of climate change. Over the past two years, the most severe drought in California's recorded history was halted by one of the wettest seasons on record, causing significant flood-related damage. Between October and December, the combination of increased fire-prone vegetation from the winter storms and extreme winds triggered the most destructive wildfires in the state's history.

The May Revision proposes additional investments to enhance the state's resilience to the impacts of climate change, specifically the risks of wildfires and floods and preserving the state's unique biodiversity.

FOREST CARBON PLAN

California's 33 million acres of forestland and its urban forest canopy capture and clean the state's water supply, provide habitat for countless wildlife, cool cities, support local economies, and serve as cultural centers for indigenous and local communities across the state. Forested lands are also the largest land-based carbon sink with trees and underbrush drawing carbon from the atmosphere and storing it in their biomass and in forest soils. Growing evidence, however, suggests these lands will become a source of overall net greenhouse gas emissions if actions are not taken to enhance their health and resilience and reduce the threats they face from wildfire, insects, disease, and a changing climate.

Decades of fire suppression, coupled with drought and the effects of climate warming, have dramatically increased the size and intensity of wildfires and bark beetle infestations and exposed millions of urban and rural residents to unhealthy smoke-laden air. These conditions threaten progress toward meeting the state's long-term climate goals.

Recent wildfires have been the deadliest, most destructive, costliest, and largest in state history, and more than 129 million trees, primarily in the Sierra Nevada, have died from drought and insects since 2010. It is estimated that as many as 15 million acres of California forests need some form of restoration.

In recognition of the severe fire conditions across the state, the Administration's January Cap and Trade Expenditure Plan proposes \$160 million for the Department of Forestry and Fire Protection (CAL FIRE) to support forest improvement and fire prevention projects that reduce fuel loads, decreasing the intensity of wildfires and associated greenhouse gas emissions, as well as potential impacts to watersheds and communities.

The Administration recently released the California Forest Carbon Plan, which serves as a scientific foundation and policy vision for improving the health and resiliency of California's forests against the worsening threats of fire and disease driven by climate change. The Governor issued an executive order to call for an expansion of forest restoration and management activities in alignment with the Forest Carbon Plan. A Forest Management Task Force will also be convened to coordinate these efforts. The May Revision proposes \$96 million to implement the key recommendations of the Forest Carbon Plan.

Significant Adjustments:

- Prescribed Fire and Fuel Reduction—An increase of \$26.8 million Greenhouse Gas Reduction Fund and 79 positions for CAL FIRE to complete additional fuel reduction projects through the operation of six year-round prescribed fire crews and implementation of a forest health research and monitoring program. This funding supports the Forest Carbon Plan’s recommendation to increase the rate of prescribed fire and fuel reduction, allowing CAL FIRE to treat 60,000 acres per year.
- Sierra Regional Forest Health Projects—An increase of \$30 million California Drought, Water, Parks, Climate, Coastal Protection and Outdoor Access for All Fund (Proposition 68), assuming voter approval in June 2018, for the Sierra Nevada Conservancy to expand the Watershed Improvement Program and fund Forest Carbon Plan recommended activities. This Program, guided by a Memorandum of Understanding between the Natural Resources Agency and the U.S. Forest Service, supports regional, landscape-level forest restoration projects in collaboration with federal and local agencies.
- Northern, Coastal and Southern California Regional Forest Health Projects—An increase of \$20 million Greenhouse Gas Reduction Fund for the Natural Resources Agency to provide block grants to support regional implementation of landscape-level forest restoration projects that leverage non-state funding. This proposal will build on the success of the Sierra Nevada Conservancy’s Watershed Improvement Program by expanding the program model to the Northern, Coastal and Southern California regions.
- Legacy Forests at State Parks—An increase of \$15 million Proposition 68 for the Department of Parks and Recreation to protect forests in state parks. This funding will support restoration efforts in state parks throughout the state, including coastal redwoods, central Sierra sequoias, coastal pines, and oak woodlands.
- Watershed Coordinator Grants—An increase of \$1.9 million Environmental License Plate Fund for the Department of Conservation to provide grants to local entities to develop and implement watershed improvement plans.
- Markets for Wood Products—An increase of \$2.3 million Timber Regulation and Forest Restoration Fund for multiple programs that will encourage markets for wood products, including (1) establishment of a Joint Institute for Wood Products Innovation, (2) financial support for mass timber and wood product manufacturing, and (3) grants for local jurisdictions to showcase the architectural design of mass timber buildings.

BIODIVERSITY PRESERVATION

California has some of the world's most unique geographical areas that support plant and wildlife biodiversity. It is home to more species of plants and animals than any other state in the U.S., which creates a complex and distinctive ecosystem.

The Administration is implementing a California Biodiversity Initiative to improve understanding of the state's biological richness and to preserve, manage and restore the ecosystems to protect that state's biodiversity from climate change. The Initiative will include partnerships with Tribes, educators and researchers, philanthropy, the private sector, and landowners to preserve California's biodiversity.

FLOOD CONTROL INFRASTRUCTURE

The Central Valley Flood Protection Plan identified \$17 billion to \$21 billion in flood system investment needs over the next 30 years, including urban and non-urban projects, systemwide projects, operations and maintenance, and deferred maintenance. Of the total need, the Plan identifies approximately \$88 million needed annually for operations and maintenance.

Over the past decade, voters have approved several General Obligation bonds that have provided approximately \$5 billion in flood control improvements. Of this amount, there is approximately \$284 million in remaining Proposition 1 funds available for flood investments. In addition, Proposition 68, on the June ballot, includes an additional \$550 million for flood control programs. However, these remaining bond funds are largely limited to multi-benefit projects that provide fish and wildlife enhancements, or improvements to levee projects located in the Delta. While these bond funds will support systemwide projects identified in the Central Valley Flood Protection Plan, most urban projects, operations and maintenance, and deferred maintenance needs are not eligible for existing bond funding.

In recognition of the impacts of climate change and the likelihood of more severe storms and extreme weather events in the coming decades, the May Revision proposes an additional \$295 million General Fund to enhance the state's resilience to catastrophic flooding. This proposal provides strategic investments for flood control infrastructure to protect lives and property that also leverage local and federal funding and reduce potential state liability.

Significant Adjustments:

- **Urban Flood Control Projects**—An increase of \$170 million General Fund on a one-time basis to support the state cost-share of U.S. Army Corps of Engineers' urban flood control projects that will contribute to a 200-year level of flood protection in urban areas of the Central Valley. This funding will strengthen the state's ability to leverage approximately \$690 million in federal funding.
- **Deferred Maintenance**—An increase of \$100 million General Fund on a one-time basis to address deferred maintenance projects on levees, as referenced in the Statewide Issues and Various Departments Chapter. These funds will be prioritized to address identified critical and serious sites, including repair and rehabilitation of damaged levees and infrastructure as a result of the 2017 storms.
- **Operations and Maintenance**—An increase of \$25 million General Fund to support ongoing levee maintenance. These funds will provide incentives for cost-sharing with local maintaining agencies by (1) encouraging a regional governance model that will better allow local entities to assess local beneficiaries of the levee system and (2) updating assurance agreements with the state to clarify levee maintenance responsibilities. Funds will also be available for priority projects that reduce potential state liability.

PROTECTING AND PRESERVING NATIVE AMERICAN HERITAGE

Over the past several years, the Administration has strengthened the state's relationship with California's tribal communities by improving overall communication and enhancing transparency and government-to-government engagement with California Tribes. The Governor's Executive Order B-10-11 established the Office of the Tribal Advisor to provide a direct link between Tribes and state agencies, allowing Tribes to actively participate in developing policies and priorities for tribal communities in partnership with the highest levels of state government.

The May Revision builds on these efforts with additional state investments that will protect, preserve and celebrate the rich history of the tribal peoples of California and memorialize their important contributions to the state.

Significant Adjustments:

- **California Indian Heritage Center**—An increase of \$100 million General Fund for the Department of Parks and Recreation to construct a new museum to protect, preserve and celebrate the history of California's tribal peoples. The total cost of the project is estimated

NATURAL RESOURCES

at \$200 million. The Administration will work with interested parties to raise the additional \$100 million necessary to complete the project. This new museum will replace the current State Indian Museum, which was built in 1940 on the grounds of Sutter's Fort State Historic Park. The Department will operate the museum and work with tribal representatives in developing appropriate content for the interpretive program.

- Fort Ross State Historic Park: Cultural Trail—An increase of \$852,000 Proposition 12 bond funds to design a new trail focusing on increasing the interpretive program at Fort Ross State Historic Park. The trail would complete a segment of the California Coastal Trail and a multimedia interpretive program encouraging park visitors to explore the complex history of the site. The interpretive program will be developed through a partnership with stakeholders including the tribal people of the area and UC Berkeley. Total project costs are estimated to be \$3.4 million.

In addition, the Administration proposes \$643,000 General Fund and ten positions to expand the Native American Heritage Commission to better fulfill its mission of protecting Native American graves, sacred sites and tribal cultural resources.

MUSEUM OF TOLERANCE

Located in Los Angeles, the Museum of Tolerance is the educational branch of the Simon Wiesenthal Center. The Museum is dedicated to educating visitors about the Holocaust in both historic and contemporary contexts and providing a voice for social justice and human rights in the world today. The Museum has welcomed over 7 million visitors since it opened in 1993, and more than 160,000 law enforcement professionals have participated in a diversity training program to enhance their skills in delivering more effective services to the communities they serve. In addition, 130,000 middle and high school students visit the Museum each year as part of their schools' curriculum. The Museum provides a unique immersive learning environment to advance anti-bias education and promote the creation of inclusive and equitable schools.

Significant Adjustment:

- Museum of Tolerance Renovation Project—An increase of \$10 million General Fund on a one-time basis for the Department of Parks and Recreation to provide a grant for the Museum's renovation project. This funding will provide half of the estimated \$20 million cost of the renovation to fund critical capital improvements.