

Exhibit C - Capacity

State of California

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EXHIBIT C: CAPACITY

The Community and Watershed Resilience Program (Program) is designed to improve the health and sustainability of California's upper watersheds to reduce the risk of destructive wildfire through investments in community and ecological resilience. Program benefits will extend from the Rim Fire (Fire) area through the Sierra Nevada region and the rest of the State (Attachment E, page 98). The Program builds on the State's extensive capacity to work across sectors; engage at the federal, State, and local level; develop and use technical and data resources; and leverage funding opportunities to achieve multiple outcomes. Together, this capacity enables the State to accomplish systemic changes, sound project design and selection, development of large-scale programs, active monitoring of investments, and use of adaptive management tools. The Department of Housing and Community Development (HCD) and the Governor's Office of Planning and Research (OPR) led the preparation of this application in coordination with the California Environmental Protection Agency (CalEPA), the California Department of Forestry and Fire Protection (CAL FIRE), the U.S. Department of Agriculture Forest Service/Stanislaus National Forest (USFS), and Tuolumne County. Several technical assistance advisors from the Rockefeller Foundation's Seattle Resiliency Academy provided review and comment.

General Management

HCD is the applicant on behalf of the State of California. Five State departments and Tuolumne County will assume primary grant oversight and management responsibilities:

- **HCD** is the applicant of record on behalf of the State of California and the six lead team organizations. HCD will ensure that the grant efforts are carried out in compliance with all HUD requirements and serve as fiscal agent to oversee financial, procurement, quality

assurance, and internal controls. HCD has extensive experience in managing the State's federal consolidated plan funds and has allocated over \$4 billion in State and federal capital resources to municipalities, community-based organizations and private sector business and developers over the last 15 years. HCD's Community Development Block Grant (CDBG) Program, Policy Development Division and its newly-created Internal Audit Division, will oversee and be responsible for grant compliance and ensure the appropriate internal controls and training are in place for grant and sub-recipient activities. HCD can also quickly develop programs as needed as it currently leads the development and implementation of cross-agency loan and grant programs that invest in transportation, community and business development, and affordable housing projects.

- **OPR** has primary leadership role for project management and implementation, including coordinating and aligning State department resources, policies, and efforts. OPR currently facilitates several statewide and regional efforts bringing multi-sector resources and funding together, including support for the Drought Mitigation Task Force, California Environmental Quality Act guidance, and local General Plan Guidance.
- **CalEPA** is providing oversight on outreach efforts, cross-sector climate change work, bioenergy development, and financial resource development, including leverage of innovative funding such as the Greenhouse Gas Reduction Fund.
- **CAL FIRE** is providing oversight of forest stewardship practices, technical expertise, tie-back to ecological and climate goals, and implementation of key grant investment activities.
- **California Conservation Corps** is providing job training programs for sustainable forestry management.
- **Tuolumne County** is leading engagement efforts in the Fire area. The County has facilitated

extensive community collaboration and consultation following the Fire.

Cross-Disciplinary Technical Capacity

Key partners in this effort include USFS, the Sierra Nevada Conservancy (SNC), and a range of regional and local organizations. The State is working with partners across the Sierra Nevada region to leverage efforts and investments in other sectors and regions and to expand and transfer this approach to resilience to other watersheds and communities. Each partner has significant capacity to work across disciplines and organizations and provide expertise in the following areas:

- **USFS:** The USFS regularly engages with citizens, business, and State and county agencies on forest management issues. They have held multiple stakeholder workshops and public meetings, hosted dozens of field visits, and worked consistently with the local collaborative group, Yosemite Stanislaus Solutions. USFS efforts are focused on meeting the interests of local government, local and regional industry, local and regional utilities, environmental groups, permittees, and landowners.
- **SNC:** SNC is a technical partner with expertise in assessing investment needs, data analysis, and considering the replicability and transferability of the Program. This partnership builds on SNC's [Watershed Improvement Program](#).
- **Community and Regional Organizations:** Several local and regional organizations regularly engage businesses, public sector, and citizens. These include the Sierra Business Council, tribal communities, and Tuolumne County Schools and Community College. For additional information, see the discussion under Regional Capacity, below.

Cross-Disciplinary Experience, Comprehensive Planning, and Major Program Development

California has been grappling with increasingly complex challenges in its efforts to address

climate change, manage and respond to extreme drought, and plan for an uncertain future.

Responding to these challenges requires extensive collaboration, planning, data analysis, tool development, and innovation in approach and engagement. Several innovative efforts, described below, demonstrate this approach. These cross-agency efforts have quickly translated policy needs into major investment and programs; the proposed Program will draw on these innovative existing efforts. They include:

- [Cap and Trade Auction Proceeds Investment Plan](#): Outlines investment areas for proceeds from California's Cap and Trade program auctions in accordance with guiding State laws and policies. This plan targets multiple investment areas, including forests and water.
- [Affordable Housing and Sustainable Communities Program](#): Using funds from the Greenhouse Gas Reduction Fund, the Strategic Growth Council is investing in housing and transportation projects to reduce greenhouse gas (GHG) emissions.
- [Water Action Plan](#): Roadmap to guide investment and policy for a sustainable water system in California. The recommendations from the Plan were translated into the State's recently-passed Water Bond.
- [The Desert Renewable Energy Conservation Plan](#): A 22 million-acre plan for renewable energy development and land conservation in California's southern deserts.

Understanding Climate Risk: Climate change poses significant risks to California communities. California has funded the development of three [comprehensive assessments of climate change risks](#) to the State and developed [indicators to track climate change](#). The State has also committed significant resources to translate this information into tools and guidance. These tools include the State's comprehensive climate adaptation strategy, [Safeguarding California](#), [Cal-Adapt](#), and [Adaptation Planning Guide](#), which provides step-by-step guidance to assist local governments in

developing climate adaptation strategies. Each State agency engaged in this proposal has worked closely in the development of the State's climate change activities.

The State has also worked closely in the development of two programs to support local and regional response to climate change:

- [CivicSpark](#): AmeriCorps program developed as a Governor's Initiative that provides assistance to local governments to develop climate mitigation and adaptation plans.
- [Alliance for Regional Collaboratives for Climate Adaptation](#) (ARCCA): Collaborative of five regional organizations focused on climate adaptation in the four large metropolitan areas and the Sierra Nevada region. The State is an ex-officio member of the Alliance.

Civil Rights, Fair Housing, and Vulnerable Populations: California has placed a priority on ensuring that State policies and investments benefit the State's most disadvantaged and/or vulnerable residents. The State has developed tools to better understand the risks of climate change and natural hazard risks to vulnerable communities. These include [MyPlan](#) (maps local hazards) and [Cal-Adapt](#) (downscaled information on climate risks). [CalEnviroScreen](#) identifies disadvantaged communities through an analysis of socioeconomic, health, and environmental risk factors, and is used by State agencies to direct investment of the GHG Reduction Fund, which houses auction fees collected through the State's Cap and Trade Program. State law requires that at least 10 percent of these funds be spent in disadvantaged communities and that at least 25 percent be spent in a manner that benefits disadvantaged communities. These tools and accompanying guidance are an example of the State's capacity to implement and evaluate the work under this proposal.

HCD is developing its ten-year Statewide Housing Plan, which will include place-based strategies using the California Regional Opportunity Index tool (created by the University of

California at Davis Center for Regional Change), CalEnviroScreen, and HUD's continued guidance on fair housing equity assessments. HCD's policy, regulatory, and local investment efforts further fair housing in accordance with federal and State fair housing law and Title VI of the Civil Rights Act. The 2012 [Analysis of Impediments to Fair Housing](#) sets forth actions addressing ten impediments to fair housing choice within these functions. [State housing law](#) requires HCD to certify regional and local housing plans, which must address fair housing, housing need distribution by income, overconcentration of lower income households, and jobs and housing relationships. HCD assessed minority and lower-income households' access to and need for the federal CDBG and HOME programs it administers, predominantly in rural areas like those in Tuolumne County, the Program area.

Design Guidance and Ensuring Good Design: California's approach to resilience is based on the guiding principles outlined in the [Safeguarding California](#) plan. These principles were identified to ensure that the State's activities align with its long-term goals to address climate risk. These principles will also serve as the underlying design guidance for the approach and framework for this proposal. These principles are to: 1) use the best-available science; 2) design programs that can incorporate and adjust to new information on current conditions and future projections (i.e., adaptive management); 3) involve all relevant stakeholders and establish and maintain strong partnerships across all levels of government, tribes, businesses, landowners, non-governmental organizations, and community residents; and 4) prioritize solutions with multiple benefits and ensure that strategies to reduce climate risk are coordinated, to the extent possible, with the State's efforts to reduce GHG emissions and other local, national, and international efforts.

Partnership Durability and Redundancy: The intent of the Program is durability and the provision of multiple benefits by all of the partners. If a partner is unexpectedly required to withdraw from participation, we anticipate replacing quickly that partner with another person or organization with similar knowledge and experience.

Cost Effectiveness and Reasonableness: Overall, the cost-effectiveness of investment in watershed health is well-established. [Research](#) from the Sierra Nevada region indicates that investment in fuel treatments and thinning can reduce the size and intensity of wildfires, and benefits can outweigh costs by up to three times.

California State agencies have vast experience conducting cost assessments in different programs and contexts. CAL FIRE routinely considers costs and benefits of competing forestry and fire protection projects. Factors evaluated include strategic spatial placement in a landscape context, values at risk, ecological benefit, job creation, and economic benefits to local communities. Methods range from formal cost/benefit analyses to less-structured empirical analyses. The USFS has many years of research, practical experience, and personnel trained in prioritizing and implementing forest management actions resource projects. HCD brings expertise to review and underwrite capital investments, including best investment approaches and appropriate funding levels to mitigate risk and attract capital.

Community Engagement Capacity

In California, stakeholder engagement is critical to decision-making at the local, regional, and State level. All members of the leadership team have staffed, led, attended, and/or managed formal and informal public engagement meetings and workshops.

Community Engagement in Rim Fire Recovery and NDRC Application Development:

The State and our partners have great capacity to work with stakeholders to identify specific recovery and resilience needs to incorporate in this application. Tuolumne County leaders regularly engage with their constituents and were a reliable resource, along with State and federal personnel, to community members, businesses, and community organizations during the Fire. Since the Fire, the County has responded to unmet needs identified by community members, including holding a focused study session on the impact of the fire on [access to insurance in the County](#). The Program leadership team has and will continue to engage regional groups in the development of this program (See Attachment D for a full list of groups engaged.)

Community Empowerment for Recovery: Because of the extensive post-Rim Fire engagement work, community engagement in the NDRC has been robust. The State’s [NDRC web site](#) was developed early in the process and has been accessible to the public. Two NDRC-focused meetings were held in Tuolumne County in January and March (see Appendix I Consultation Summary) and a public webinar was held in March. Discussion of the State’s NDRC application was included on the agenda of dozens of local, State, regional, and federal meetings and workshops over the past several months, including those held by the Tuolumne County Board of Supervisors, State Climate Action Team subgroups, [ARCCA](#), USFS, and others.

As described in more detail in Exhibit E, this engagement will continue throughout Phase 2 with a workgroup structure designed to engage a broad set of stakeholders and regular community meetings in Tuolumne County dedicated to the State and County’s NDRC application. We will also seek opportunities to present at standing meetings, including those of the County Board of Supervisors and regional and community organizations.

Harmonizing Diverse Views: All of the Program’s partners and the leadership team have experience both working with and harmonizing the contributions of diverse stakeholders in the

consultation process. Rarely does a policy decision meet all the needs of every stakeholder, yet the partners reach so many communities and interested constituents that we believe our approach holds benefits for all.

Regional Capacity

Wildfires are ubiquitous in California, not just in Tuolumne County. The Sierra Nevada and other mountain regions in the west have a long history of wildfire, though in recent years the fires have become more severe. Because the Program is durable, we are working to engage the broader Sierra Nevada region with an eye to replicating the Program in more communities. This extension will be facilitated through collaboration with the Sierra Nevada Conservancy's [Watershed Improvement Program](#).

Another partner, the [Sierra Business Council](#), a regional organization whose mission is to support the economy and sustainability of the region, has long served as a convener in the region and houses the Sierra Nevada region's new collaborative for climate adaptation and mitigation, Sierra Climate and Mitigation Partnership (Sierra CAMP). As we look to develop broader engagement throughout California, we will work with ARCCA to broaden our outreach. We will also work with the [Pacific Coast Collaborative](#) (PCC) to extend our reach to other western states and to western Canada. The PCC is a partnership among California, Oregon, Washington, and British Columbia, with a focus on climate change mitigation and resilience.