

Exhibit B – Threshold Requirements

State of California

ExhibitBThreshold.pdf

## **EXHIBIT B – THRESHOLD REQUIREMENTS**

**General Section:** The Department of Housing and Community Development (HCD), on behalf of the State of California, will follow all applicable laws, regulations, and Executive Orders throughout the application process and, if awarded, throughout the grant administration process. This includes but is not limited to laws, regulations, and guidance pursuant to Section 3, Fair Housing, Equal Access, and OMB administrative requirements and cost principles. HCD has no outstanding civil rights matters or delinquent federal debts.

**Eligible Applicant:** State of California, Qualifying Disaster Declaration #4158 (The Rim Fire)

**Eligible County:** Tuolumne County

**Most Impacted and Distressed (MID) Target Area:** The Target Area for California’s application is a Tuolumne sub-county area including the Rim Fire (Fire) burn area and evacuation area (Attachment E, page 99).

**Census Tracts:** 06109002200, 06109004100, 06109003100, 06109003200, 06109004200

### **Description of the Qualifying Disaster**

The Fire burned over 250,000 acres in Tuolumne County, destroying forest, rangelands, tribal lands, public and private cabins and camps, and other forest and rangeland infrastructure – all of which are part of the critical upper watershed for the State’s water supply. The majority of the burn area is in Stanislaus National Forest, but the Fire also burned portions of Yosemite National Park, other publicly-held lands, and private timber and ranching land. The Fire burned for over two months, causing serious economic disruption in nearby communities.

### **Most Impacted Characteristics**

**Public Infrastructure:** The Fire destroyed permanent public infrastructure, including roadway systems that provide access into and out of Stanislaus National Forest. The damage resulted from

direct fire impacts and resulting changes in the landscape that led to erosion and landslides that have undermined the integrity of the road system. The Fire also destroyed rangelands, fencing, and water troughs that had been in use by cattle ranchers under long-term agreements with the U.S. Department of Agriculture Forest Service (USFS). The Fire damaged or destroyed several historical sites in the forest, including the complete destruction of the Niagara Railway Trestle, which was built between 1923 and 1924 and is listed on the National Historic Site Register ([USFS - Niagara Camp and Trestle National Register Original Photos](#) and [USFS - Niagara Camp and Trestle National Register Nomination](#)). While not an exhaustive list of the impacts, the eight projects included in the documents referenced below represent **\$3,641,176** in Most Impacted damage to permanent public infrastructure, as well as Unmet Recovery Need.

<b>Impact</b>	<b>Cost Estimate</b>	<b>Source</b>
Roadway and culvert damage	\$1,130,000	<a href="#">USFS-Rim-Roadway/Culvert/Retaining Wall Repair Report</a>
Rangeland infrastructure damage	\$1,068,000	<a href="#">USFS - Rim -Range Infrastructure Repair Report</a>
<a href="#">Burned Niagara Trestle</a>	\$1,443,176	Cost Estimate based on the cost of the Bourland Trestle repair work: <a href="#">USFS- Documentation of Estimate for Bourland Trestle</a>

***Environmental Degradation:*** Earth Economics estimated the environmental benefit losses from the Fire to be in excess of \$100 million in the first year following the event based on estimates of ecosystem services within the burn area before and after the fire ([Earth Economics Rim Fire](#)

[Report 11.27.2013](#) – pg. 25, 6. Conclusions). This estimate was calculated using a Federal Emergency Management Agency accepted and scientifically-validated Benefit Transfer Methodology ([Earth Economics Rim Fire Report 11.27.2013](#) – pg. 4 Preliminary Assessment). This methodology enables quantification of a range of benefits, including open space, public willingness to pay for outdoor recreation, and water quality to determine the costs incurred when healthy ecosystems are degraded. Measuring only losses to the federal land burned, the USFS estimates the following environmental damage in the forest ([USFS Environmental Degradation Summary Report](#)). Amounts shown below do not include the infrastructure projects discussed under “Public Infrastructure”):

- Soil and Water: \$3,639,375
- Heritage/Archeological: \$3,054,752
- Timber: \$117,191,490
- Botanicals: \$9,085,000
- Other Infrastructure: \$1,493,520
- Recreation Revenue losses: \$43,766,779
- **Total Environmental Damage on US Forest Land: \$178,230,916**

The Fire damage persists in the forests, local communities, and beyond. Local communities, whose economy is closely linked to the health of the forest through tourism, recreation, timber, and wood products, suffered from business loss and closure, direct public health impacts, and depressed property values. And, as discussed in more detail in Exhibit D, the Fire’s impacts on downstream water storage and supply and short- and long-term carbon storage affect the entire state.

### **Most Distressed Characteristics**

***Economically Fragile Area:*** Per current American Communities Survey data, the census tract area has an unemployment rate of 15.4 percent, which is 158.4 percent of the national average of 9.7 percent ([CA NDRC Target Area Unemployment](#)).

***Prior Environmental Distress:*** The Target Area has suffered prior environmental distress due to drought, previous wildfires, and overgrown, dense forests. The U.S. Department of Agriculture and National Oceanic and Atmospheric Association's Drought Monitor Mitigation Map shows that Tuolumne County was under Moderate Drought conditions in August 2012 (Attachment E, page 100). Four days before the start of the Fire, a similar map shows that Tuolumne County was under Severe Drought (Attachment E, page 101). Currently, nearly 40 percent of California, including Tuolumne County, is under Exceptional Drought, the most severe drought ranking used [CA Drought Monitor](#); and other than the highest peaks in Tuolumne County, the Target Area in Tuolumne County has consistently been under very high fire threat since 2005 as shown by the California Fire Threat Map (Attachment E, page 102). This map is based on 2005 data, which does not include the current drought. The California Department of Forestry and Fire Protection expects to update the fire threat map before October.

From a regional perspective, the Target Area has experienced regular wildfire events, as shown in the Tuolumne Burn History Map (Attachment E, page 103). The 1987 Complex Fire burned 157,000 acres in Tuolumne County, much of which was burned again in the Fire. Following wildfires that burn as hot as the Complex and Rim Fires, tree regrowth is minimal. As a result, land transitions and converts from forest to grasslands and shrublands, which are [more susceptible to high severity fire](#) and [store less carbon](#) than healthy forests.

Overgrown, dense forests, like those within the Rim Fire footprint, are common across California and much of the western United States. Management policies and budget constraints

have led to the annual amount of forest and timber growth surpassing the amount of harvest. Further, fire exclusion practices have been implemented for over a century, limiting the natural fire regime necessary for moderating these fire-dominated systems. These practices result in large areas dominated by dense forests ripe for extensive, intense wildfires ([Quantitative Evidence for the Increasing Forest Fire Severity](#), pg 28-30). From 1995 to 2014, the Wildland Fire Management appropriation of the USFS budget grew from 17 to 51 percent ([USFS-Rising Cost of Fire Operations](#), pg 3). This shift in funding has come at the cost of forest maintenance and research programs. Dense forest cover also decreases the amount of water reaching the forest floor because rain and snow are captured in the canopy rather than reaching the ground and flowing into streams, rivers, and reservoirs ([2011 Community Forest Stewardship Program](#), pgs 8-11). Current forest health and climate change also precipitate more frequent and more severe wildfires ([Quantitative Evidence for the Increasing Forest Fire Severity](#), pg 28).

### **Unmet Recovery Need**

**Infrastructure:** As noted in the “Most Impacted” section above, The Fire damaged permanent public infrastructure systems in the forest. The Infrastructure damage listed in the “Most Impacted” section also represents the unmet recovery needs. The source documentation for these projects is also linked above. The [USFS - Unmet Need-Infrastructure-Sources and Uses](#) for these projects lists the projects, cost estimates, and the reason for the gap in financing, which is further discussed and documented above in the “Prior Environmental Distress” section.

**Environmental Degradation:** As noted in Most Impacted Characteristics above, environmental degradation due to the Fire continues to threaten the Target Area. As summarized in the [USFS-Environmental Degradation Summary Report](#), the Fire burn area included 154,430 acres of national forest lands. The environmental degradation on these lands totaled nearly \$200 million

as discussed in the “Most Impacted – Environmental Degradation Section.” Recovering these damages will require investments in reforestation, biomass removal, forest treatments, and sustainable forest practices. The USFS has already invested \$134 million in Rim Fire Recovery and has committed \$9,814,655 additional [USFS-Rim Fire Investments To Date and 2015](#).

Additional resources are needed to continue and expand these efforts to recover the environmental damages reported in the “Most Impacted – Environmental Degradation” section.

**Eligible Activity:** California will demonstrate that each Community Development Block Grant – National Disaster Resilience (CDBG-NDR) activity proposed is an eligible activity or will request an eligibility waiver with the Phase 2 application. The State is aware that HUD does not guarantee such waivers, but understand that any request will be evaluated prior to determination regarding disposition of the application.

**Resilience incorporated:** As further described in Exhibit E: Soundness of Approach, completion of the plans and activities proposed in the State’s application are designed to increase resilience in local communities, the broader region, and statewide. California has a comprehensive program to address climate change and boost resilience. In 2006, the legislature passed Assembly Bill 32, the [California Global Warming Solutions Act](#), which requires the state to reduce greenhouse gas emissions to 1990 levels by 2020. In 2009, California was the first state to develop a comprehensive climate adaptation strategy ([2009 Climate Adaptation Strategy](#)). The 2014 update to this strategy, [Safeguarding California](#), lays out risks and resilience needs across sectors. California has also incorporated climate change considerations into the [State Hazard Mitigation Plan](#). California voters showed further support for our critical resources by approving [Proposition 1](#), a bond for investments to address current drought conditions and develop resilience in the State’s water system. In recognition of the role forests play in delivering clean

water to the State's growing population, a portion of the funds in the bond supports upper watershed health, which supports California's efforts to fully protect vulnerable and critical watersheds and downstream resources.

**Meet a national objective:** California will demonstrate that each proposed activity other than general administration and planning, which are not subject to such demonstration, can and will meet a CDBG-NDR national objective or request a waiver from HUD.

**Overall benefit:** At least 50 percent of the funds requested in the State's application will assist activities that will provide sufficient benefit to low- and moderate-income persons in the form of services, area benefit, housing, or jobs, to meet the national objective of benefit to low-and moderate-income persons or a request for a waiver will be made to HUD.

**Establish tie-back:** The Fire demonstrates the vulnerability of the State's watersheds, resource-based rural economies, and the fragile and vulnerable relationship among the State's people, economy, and its natural resources. This region is also representative of large portions of the western states, so this program will have wide applicability throughout the West. Investments made through this program will tie back to the qualifying disaster.

**Certifications:** The State is only participating in this application and certifies to all required certifications which are included in Attachment C, page 74.